



# ***Daily Report***

## **East Asia**

FBIS-EAS-95-166  
Monday  
28 August 1995

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# Daily Report

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## Japan

### Article Views Aviation Beyond Rights Issue

OW2608123095 Tokyo SHUKAN DAIYAMONDO  
in Japanese 29 Jul 95 pp 98-100

[Article by political commentator Toichi Suzuki: "Adamant Transportation Minister Kamei Tries 'Rectification of Unfairness' of the U.S. Attempt To Grasp Control of Goods Distribution in Asia Through 'Beyond Rights'"]

### [FBIS Translated Text] Making Subic Bay a Strategic Point

The beyond rights that the Federal Express Corporation [Fedex], a U.S. air cargo company, had requested since 1994 turned out to be an open issue on 11 April. The company asked the Japanese Government to allow Fedex to fly beyond Japan to the following six airports: from Narita to Subic Bay in the Philippines, Kuala Lumpur, and Cebu; and from Kansai International Airport to Subic Bay, Kuala Lumpur, and Hong Kong.

Fedex has beyond rights to fly from Narita to seven airports — Seoul, Taipei, Penang, Manila, Singapore, Bangkok, and Hong Kong — and from Kansai Airport to Seoul and Taipei. Taking the opportunity of Kansai Airport's opening, Fedex aimed to expand its servicing routes at this time, emphasizing Subic Bay. It used to be a gigantic U.S. military base. After the U.S. troops withdrew at the request of the Philippine Government, Fedex invested in turning the old military base into a cargo depot base, and the project is almost complete. The application filed on 11 April said Fedex plans "to start service from 1 May."

Then the application added five more airports, for a total of 11. Conspicuous were the requests for beyond rights from Narita to Shanghai and Beijing. By 2010, Asia is expected to occupy more than 50 percent of world's flow of passengers and commodities. It was obvious that the United States has a strategy to monopolize Asia's airborne distribution. Finally the application shrunk to the following seven routes: from Narita to Subic Bay and Kuala Lumpur; and from Kansai Airport to Subic Bay, Kuala Lumpur, Singapore, Penang, and Kaohsiung in Taiwan.

The Transportation Ministry, led by Shizuka Kamei, responded to this application with a strong resistance never seen before. Transportation Minister Kamei said, "The Civil Air Transport Agreement Between Japan and the United States was signed in 1952, immediately after the San Francisco Peace Treaty when Japan possessed no airplanes." "The United States had beyond rights but Japan had none. It is a completely unequal treaty. It is nonsensical for Fedex to claim the rights under such

an agreement. I cannot decide, because it goes against Japan's national interests.

He went on to say, "If it is a law, then the rights can be exercised by taking the case to court, but agreements or treaties can be renounced. If the other side imposes sanctions, this side can counter by retaliatory sanctions."

One of the many reasons behind this strong attitude is the latest economic friction between the two countries. Kamei commented, "The United States regards Japan as its trade rival rather than an ally." He probably had in mind Ryutaro Hashimoto's victory over Mickey Kantor in the auto negotiations in Geneva.

The second reason is that the United States is having the same kind of trouble with many countries that resist unfair civil aviation treaties signed with the United States, which overwhelmingly controlled the world following its World War II victory.

In 1990, Thailand, which gives a gentle and mild impression to the world, denounced its aviation treaty with the United States. Two years ago, in 1993, German Chancellor Helmut Kohl declared the repeal of the U.S.-German Civil Aviation Treaty, only to be saved by a hasty U.S. compromise. But France denounced the U.S.-France Civil Aviation Treaty. Even if denounced, planes can continue to fly without a signed treaty via an interim agreement.

Japan essentially has no beyond rights. Although Japan is allowed to fly beyond New York to Europe, it is of little use. No beyond rights are recognized for Japan to fly to Mexico nor Central and South America. Japan Airlines is allowed to fly only two flights a week beyond Los Angeles to Sao Paulo in accordance with an interim agreement signed in 1982.

On the contrary, the United States has unlimited beyond rights from Narita, near Tokyo; Kansai International Airport, near Osaka; and Naha [Okinawa], but routes are subject to approval by the Japanese Government. Officials from the Transportation Ministry confided, "Just as when discontent piled up on this side, the other side took the offensive. It was too outrageous. The imbalance between Japan and the United States will grow larger. We have to negotiate before any decision is reached. At the end of April, Japan let the United States know the case was undecided and pending."

### "Clinton's Big Sponsor"

In the middle of June, Prime Minister Tomiichi Murayama, following the end of Japan-U.S. summit at Halifax, Canada, told Transportation Minister Kamei, "Clinton did not say a word about automobiles, but asked me a favor in connection with Fedex. This is the third time



he said the same thing." The first time was at an Asia-Pacific Economic Cooperation [APEC] conference in Jakarta last November. There Clinton said to Murayama, "I would like for you to settle the aviation problem." It was apparent he was referring to the beyond rights issue. The second time was in January of this year when Murayama visited the United States for a summit. The U.S. President was quoted to have said, "Imbalance exists in the aviation field between Japan and the United States. It was a legacy from the occupation period, and I understand the Japanese discontent. It would be better to talk the matter over to work out a little more liberalized framework."

Fedex, a U.S. firm specializing in air cargo transport, is reported to be a big sponsor of President Clinton. Although it is not conceivable in Japan that a president would make forceful efforts to expand interests for a private enterprise, such negotiations for interests seem to be popular in the United States. It is needless to say that it is linked to next year's presidential election. But this is not just intended for the interests of one enterprise. Let me quote Akio Matsumoto, an economic commentator.

"We are now at the entrance of a great historical air age. This expression is a parody borrowed from the great sailing era, and the United States is apparently interested in commodity distribution rather than the flow of people. It expects Asia, including fast growing China, to be the main battlefield. Now is an era in which even such primary products as vegetables, fruits, cattle, and so on are flown by air. Transport by vessels is limited to such things as crude oil, liquefied natural gas, mineral ore, grains, and automobiles. Behind Fedex is a U.S. strategy, while Japan has no global policy and is acutely slow in making response."

With such a background, negotiations began between Japan and the United States. At the vice ministerial-level civil aviation talks that began in Washington on 10 June were Councillor Masahide Ochi of the Transportation Ministry, Jiro Hanyu of the Transportation Minister's Secretariat, and Norimoto Kono of the Foreign Ministry's North American Affairs Bureau on Japan's side and Kaplan [name as transliterated], legal adviser to the Transportation Department, and Tarullo, assistant secretary of state, on the U.S. side.

The U.S. side insisted: "Under the existing agreement, the United States has unrestricted beyond rights. Japan should immediately recognize the application without condition. If approved, our side is ready to talk about correcting inequities. If not, sanctions shall be imposed."

The Japanese side retorted: "Exercising beyond rights should be between Japan and the United States in the light of the agreement's Article 12. However, the latest

U.S. demand seeks to engage in transport business mainly within the Asian region, for which beyond rights cannot be recognized."

Fedex sought to transport Japanese goods to various Asian areas and goods from various places of Asia to Japan on a commercial basis, and the Japanese side pointed this out.

An agreement was not reached until 19 June when the U.S. plan of sanctions was announced: "Transport of goods by Japan Airlines and Nippon Cargo Airlines [NCA] shall be barred from Japan to the United States from five points in Asia, including Bangkok, Singapore, Hong Kong, and so on. The final decision will be made by 14 July upon hearing opinions from those concerned."

The Japanese side also prepared a reciprocal sanctions plan: "Northwest Airlines and Fedex shall be barred from transporting goods between Japan and Asia via their own flights."

From 13 July, the vice ministerial-level negotiations were resumed at the Transportation Ministry in Tokyo. On the Japanese side, Transportation Ministry Councillor Naoki Hirano was added to the three delegates on the list and the U.S. side named Penfold [name as transliterated], acting charge d'affaires of the U.S. Embassy in Tokyo, to replace U.S. Transportation Department legal adviser Kaplan. At the negotiating table, the Japanese side presented the following demands in return for recognizing Fedex's new routes:

1. Cargo transport from Narita to Chicago, now recognized at eight flights a week, be increased with no limit;
2. Cargo flights from Kansai International Airport to Chicago, New York, San Francisco and Los Angeles be approved; and
3. Unrestricted beyond rights to Mexico and South America be recognized.

#### **"Essential Negotiations on Equal Basis To Be Pursued"**

Former Prime Minister Noboru Takeshita pointed out three first rate ministers in the Murayama cabinet as being "International Trade and Industry Minister Ryutaro Hashimoto, Home Affairs Minister Hiromu Nonaka, and Transportation Minister Shizuka Kamei," and his view is in tune with most people. And Minister Kamei repeatedly made bullish statements.

"I sincerely hope for Japan-U.S. goodwill. Retaliating against each other will lead to a reduced balance, which is not hoped for, having an ill effect on the world



economy. Therefore, I am telling the United States to show a reasonable reaction."

In contrast to this, Foreign Minister Yohei Kono and the Foreign Ministry are traditionally submissive to the United States. They continued to say, "Please act according to the U.S. demand." In the final stage of the Japan-U.S. auto negotiations, five leading figures met at the Prime Minister's Official Residence. They were Prime Minister Murayama, Foreign Minister Kono, International Trade and Industry Minister Hashimoto, Transportation Minister Kamei, and Chief Cabinet Secretary Kozo Igarashi. And Kono said, "The numerical targets are private matters the government should not be involved in. But I think that separating vehicle inspection from maintenance is a governmental matter. So it should be taken care of by the government."

In this way, he wanted the Transportation Ministry to compromise in line with the U.S. insistence. Minister Kamei vigorously opposed. "That is nonsense. People's lives and their physical safety cannot be traded for correcting the trade imbalance. Taking revenge in an entirely unrelated manner cannot be tolerated."

Prime Minister Murayama intervened to say that "Kamei's statement was right." Thus the Transportation Ministry's position was upheld.

Kamei is succeeding in taking the initiative in the Japan-U.S. negotiations. On 3 June, before the vice ministerial-level talks in Washington, Kamei had a telephone conversation with U.S. Transportation Secretary Federico Pena. Secretary Pena asked, "What is the best way to settle the problem?" Kamei answered, "Although the United States claims that it is in the right in the light of the agreement, it cannot be approved immediately. The matter should be discussed at vice ministerial-level talks."

After seeing the Washington talks had yielded no progress, Kamei sent a telegram instructing the Japanese delegation to end the negotiations.

"We have just been instructed by Minister Kamei to end the negotiations and come home." When Ochi and others showed the memorandum, it was reported that the U.S. side turned pale. And the Japanese side added, "The minister said it is all right to continue the talks if your side comes to Tokyo."

When the Tokyo negotiations broke down, the Japanese side, at the instruction of Minister Kamei, proposed: "Agreement was not reached, but it does not mean the rupture of talks. Let us continue to have ministerial-level talks sometime next week at an interim location between the two countries, not in Tokyo or Washington."

Thus, it was decided that the talks be held on 20 July in Los Angeles. On 18 July, Kamei said: "Amendments to the unequal agreement cannot be made immediately. Therefore, it will be hollowed out. Negotiations will be carried out from an essentially equal position for both sides. I hope the results will be the same."

Thus the aviation negotiations were carried out in the midst of the House of Councillors election. Until that time, it was the practice that bureaucrats were commissioned to settle this sort of issue through compromise by the Japanese side. The Japanese side did not want to make a political issue out of it. By the same token, it was unusual that a cabinet minister dealt directly with the problem.

This time, the Japanese side seemed to know the United States' weak point. A seasoned reporter who covers the Transportation Ministry commented: "The U.S. side is impatient. It wants to activate Subic Bay as soon as possible. Alternately, the U.S. side's loss would be greater if sanctions were imposed. Not like the auto issues, Clinton has no domestic backing in this case. Furthermore, he may be exposed to criticism in the United States that he is giving too much favor to specific enterprises. It will be a great success for Kamei if he wins recognition of unconditional cargo flights to Chicago."

#### **Editorial Voices Concern About 'Unilateralism'**

*OW2508144895 Tokyo ASAHI SHIMBUN  
in Japanese 19 Aug 95 Morning Edition p 5*

[Editorial: "Major Powers Should Refrain From Taking Unilateral Actions"]

[FBIS Translated Text] A crack is beginning to form in the cooperative structure that the international community has somehow managed to maintain by having the United Nations play the central role in handling global affairs. Some major powers have begun to show an unwelcome tendency to ignore international agreements and act unilaterally.

A recent case in point is the U.S. Congress' resolution lifting arms sanctions in regard to the Bosnian conflict.

Bosnia-Herzegovina proclaimed independence in the spring of 1992, and a war subsequently broke out between the government and the separatist Serbian forces. However, because the UN Security Council [UNSC] had banned arms exports to the entire region of the Former Yugoslavia at the time of Croatian war in 1991, the Bosnians were unable to obtain weapons. Meanwhile, Serbian forces managed to obtain tanks and cannons from the former Federal Army and have thus



been able to overpower the Bosnian government forces with these weapons.

Proponents of arms exports to Bosnia have furiously decried whether such an unfair situation should be permitted, asserting that the UNSC resolution is illegal and invalid.

They argue that since the resolution banning arms exports had been placed against Yugoslavia, it lost its validity when the Yugoslavian Federation collapsed. Moreover, they claim that since Bosnia is an independent country and a member of the United Nations, not even a UN resolution can deprive the country of its right to self-defense.

We shall not dismiss this argument as lacking in logic. However, this does not make it right to unilaterally violate the UNSC resolution. Even if there is a possibility that pro-Serb Russia may exercise its veto power, the proper way to deal with this issue is to discuss it in the UNSC first.

The United States has a tradition of isolationism. During the Cold War era, the American people made sacrifices because of the Soviet threat. Now, however, their attitude seems to be that they are unwilling to make any sacrifices for maintaining the stability of the international community unless their nation is facing a life-or-death crisis. This is a form of isolationism that is different from American isolationism of the past. It seems to be marked by an air of unilateralism in which the nation is ignoring the spirit of international cooperation and acting in an egocentric manner.

U.S. President Bill Clinton has vetoed Congress' resolution calling for lifting the ban on arms exports, and it is still uncertain whether or not the United States may eventually violate the UNSC resolution. However, American unilateralism is already evident in Clinton's foreign policy as indicated in the United States' ending surveillance of the arms embargo in the Adriatic Sea, thereby violating a NATO agreement, as well as its adopting a total arms embargo against Iran, thereby refusing to cooperate with Europe and Japan.

Although they may outwardly seem different, the Chinese underground nuclear tests and the French decision to resume its nuclear tests are also basically of the same nature. The Chinese and French actions are nothing less than the rejection of the international agreement to refrain from conducting nuclear tests — an agreement that went hand-in-hand with the decision to extend the nuclear Nonproliferation Treaty indefinitely.

French President Jacques Chirac is a Gaullist who extols French prestige and sovereignty. However, if he ignores international opinion and chooses to prioritize France's

narrow national interest above that of the international community by resuming nuclear tests, his action is nothing but a display of French egoism.

The danger of unilateralism is that it could invite a "tit for tat" chain reaction — the argument that if others act selfishly, we should be able to do likewise. One example is Russian President Boris Yeltsin's hinting that he may unilaterally lift UN sanctions against the Former Yugoslavia in response to U.S. Congress' moves. If allowed to spread, such self-centered actions can aggravate mutual distrust and may even destroy global order.

The League of Nations, which was the result of human wisdom spawned by the destruction wrought by World War I, tried to prevent war by vowing to resolve disputes through peaceful means and uniting to punish violators. However, as we all know, the world plunged into another war when Japan and Italy — major members of the League — started breaking the rules.

In the world today, where might is still right, multilateral cooperation can still prove fragile — precisely the reason why major powers should refrain from acting selfishly all the more. This is a lesson that the world should have learned from pre-World War II history.

#### **Editorial Urges Better Economic Ties to U.S.**

*OW2508143395 Tokyo YOMIURI SHIMBUN  
in Japanese 21 Aug 95 Morning Edition p 3*

[Editorial: "Resuscitate Economic Ties With the United States"]

[FBIS Translated Text] Brent Scowcroft, former U.S. national security adviser, in a U.S. newspaper article in late June, when the U.S. Government was leaning toward anti-Japanese economic sanctions over the stalled negotiations on automobile trade, said: "Japan and the United States have been walking together to seek cooperative and mutually beneficial relations since Japan put aside its guns 50 years ago... [ellipses as received] However, the governments of the two nations are now endangering the achievements between them."

Fortunately, negotiators reached an agreement just before the implementation of the U.S. sanctions. Yet, friction points remain between the two countries, as do the dangers Scowcroft pointed out.

The United States and Japan are the world's largest and second-largest economic powers in terms of GDP. Their combined GDP accounts for over 40 percent of the world's.



The political and economic energy the two countries have spent on trade frictions is obviously bad for both and the entire global economy.

The global economy is undergoing drastic changes following the end of the Cold War and the entry of China, and the Eastern European and former Soviet countries into international markets. Japan and the United States must play key roles to expand free trade, stabilize exchange markets, and guarantee cooperation for balanced development of the Asia-Pacific region.

To accomplish these global tasks and expand bilateral economic contacts, Japan and the United States must swiftly rebuild economic ties, based on an in-depth reflection of the 50 years since the war.

Japan was able to recover from the war under the "economic and nuclear umbrella" of the United States, which wished to build up Japan as an Asian bulwark of the free world while Cold War antagonisms intensified. Orders for supplies during the Korean war especially boosted Japan's economic recovery by putting it on a fast track.

Today, the economies of the two countries are inseparably linked through ever-deepening industrial, financial, and personnel ties. Japan and the United States are interdependent to the extent that former U.S. Ambassador to Japan Michael Mansfield called "the most important bilateral relationship."

On the other hand, friction has remained in step with Japan's economic and industrial growth and the United States' increasingly heavy financial burdens as the leader of the free world and its decline in competitiveness of U.S. companies. Japan-U.S. trade frictions first involved cotton products in the mid-1950's, then spread to other products such as textiles, steel, color televisions, automobiles, and semiconductors.

Japan responded to the frictions by instituting voluntary export restraints, followed by import-boosting measures to settle the problems on a one-by-one basis.

However, the root problem — Japan's trade surplus with the United States — kept growing, and the annual trade surplus against the United States exceeded \$50 billion last year. Although the growth of the trade surplus is slowing down due to the sharp appreciation of the yen, its drastic decline is still unlikely.

The Japan-U.S. auto trade talks, part of the bilateral economic "framework" negotiations, were settled after two years of tough negotiations. The final agreement will probably be signed as early as this weekend; however, the two nations have not yet agreed on the agreement's actual implementation.

In the photo film market, the U.S. Government has responded to complaints by Kodak, the top film manufacturer in the world, by launching investigations under Section 301 of the U.S. Trade Act of 1974, (which gives the U.S. President the power to impose sanctions against trade partners whose actions are deemed unfair.) Arguments between Japanese and U.S. film companies is growing bitter.

In addition, the Japan-U.S. semiconductor trade agreement will expire next summer. Another clash appears inevitable, since the United States reportedly wants to keep the agreement and its controversial provision regarding numerical targets.

It is quite normal that business circles clash with their competitors under the free market system. However, whenever the major causes of those battles are believed to lie in governmental regulations and intervention, or in a friction-prone industrial structures, governments must investigate the causes and join hands to root them out.

Bearing this in mind, the two countries began what was called the Structural Impediments Initiative Talks in the late 1980's, and then the economic "framework" talks in the summer of 1993. Nevertheless, these talks did little to rectify the fundamental causes of friction or the trade imbalance.

Instead, the talks became venues for the United States to press Japan to accept numerical targets to fulfill specific U.S. demands, backed by threats of unilateral trade sanctions. Heightened mutual distrust and emotional confrontation resulted.

To ensure development of the "most important bilateral relations in the world," both countries should double their efforts to balance bilateral trade, the root cause of the friction.

Japan must deregulate and open its markets to remove the structural causes of the trade surplus. The United States should take definite actions to slash its trade and fiscal deficits.

On those grounds, the two nations must build up a new consultative forum to replace the economic framework talks.

The Japan International Forum, a private think-tank, has written a draft for a new Japan-U.S. framework in a set of proposals presented to Prime Minister Tomiichi Murayama early this month.

The draft calls for the creation of: 1) High-level and regular consultations by top political executives and cabinet ministers to discuss bilateral, global, and regional affairs; 2) working-level consultations to discuss specific



measures to be taken following agreements reached at higher levels; and 3) establishment of a joint research and coordination organization to compile key information and statistics in areas useful for negotiators of both nations.

The joint research organization would help smooth bilateral relations by minimizing the room for misunderstandings based on gaps in data on the same subjects, which have often worsened bilateral frictions in the past. A similar body, the "trade statistics experts' meeting," has existed in Japan and the EU since 1993. The group has proved beneficial to averting Japan-EU trade frictions and strengthening the inter-regional ties.

Regarding the need to help settle specific trade frictions as quickly as possible, due consideration should be paid to the possibility of creating a consultative body for solving bilateral trade disputes under the WTO.

In line with new intergovernment consultation systems, it is indispensable to strengthen the functions of the Japan-U.S. business leaders' conference, which has been promoting bilateral exchanges in the private sector for over 30 years.

Japan-U.S. summit talks are to be held during the Asia-Pacific Economic Cooperation (APEC) conference in Osaka in November.

We keenly hope the Japan-U.S. summit serves as a chance to reconstruct the Japan-U.S. ties opened to the entire Asia-Pacific region and the world.

#### **Editorial on Ways To Mitigate Sino-U.S. Ties**

*OW2608010695 Tokyo ASAHI SHIMBUN  
in Japanese 21 Aug 95 Morning Edition p 5*

[Editorial: "We Are Concerned About Worsening Sino-U.S. Relations"]

[FBIS Translated Text] If relations between the two superpowers of the United States and China worsen, it would cast a dark cloud on peace and stability throughout all of Asia. Japan maintains close relations with the two countries and their worsened relations would impact greatly on Japan.

Sino-U.S. relations are said to be at the worst stage since the establishment of diplomatic relations in 1979. A June private visit by Taiwanese President Li Teng-hui to the United States triggered a chill in their relations.

Beijing has postponed a planned visit by Chinese Defense Minister Chi Haotian to the United States and arrested Harry Yu, a Chinese-American human rights activist. In addition, Beijing expelled two U.S. military attaches from the U.S. Consulate General in Hong Kong, escalating the confrontation with Washington.

The planned summit of business leaders from Taiwan and China has been postponed. Both China and the United States have recalled their ambassadors back to Beijing and Washington.

Every day, China's armed forces have fired missiles into seas near Taiwan. Moreover, Beijing has conducted nuclear tests, drawing a backlash from the international community.

The confrontation between the United States and China is viewed as grave by the international community; however, Japan is not in a mood to take the confrontation seriously. An optimistic view is prevailing in Japan that both the United States and China would not further sour their relations at the expense of their economic interests.

Next year, however, a president will be inaugurated in Taiwan as a result of a direct election and the democratization of Taiwan, a process launched in the late 1980's that will be nearly complete next year. If these developments bring a close relationship to both Taipei and Washington, this would further chill Sino-U.S. relations. Japan must not take an optimistic view.

The Clinton administration had promised China that "it would not allow Taiwanese President Li Teng-hui to visit the United States." In the face of mounting pressure from the U.S. Congress, the Clinton administration abruptly breached the promise.

The visit by Taiwanese President Li to the United States was private, but his visit took an official tinge. China saw his visit as a violation of a Sino-U.S. communique on establishing diplomatic relations in which the United States recognized "one China." At the recent U.S.-China foreign ministerial talks, U.S. Secretary of State Christopher tried to smooth over a diplomatic row between Beijing and Washington, calling Li's visit to the United States a "rare case." China has reacted to Christopher's interpretation.

The concern is that the Clinton administration's China policy lacks consistence. Strong Sino-U.S. relations are the foundation of Asian stability. The Clinton administration should not adopt an irresponsible policy toward China that could undermine that.

Meanwhile, it is hard to understand China's responses.

Regarding the missile-firing exercise that have been conducted in waters near Taiwan, the Chinese authorities have called it a "normal exercise." There is no doubt, however, that the exercise is intended to clearly demonstrate its muscle to Taiwan. Chinese President Jiang Zemin takes the position that "China cannot give up the use of force against Taiwan." His theory is that "if China gives up the use of force against Taiwan, this



would make a peaceful unification of both China and Taiwan impossible."

- Will the Taiwanese people accept the "peaceful unification" under threats of force? No matter that China asserts that the unification is the domestic affair of China, the international community cannot recognize the annexation of Taiwan with China through the use of force.

Both the United States and China must face up to the fact that their behavior is having a great impact on the international community. Any prolongation of the confrontation between the United States and China could only lead to an instability in Asia.

There is little role that Japan and other Asian nations can play in helping both the United States and China reconcile with each other. Japan and other Asian nations can voice their concerns over the adverse impact the confrontation has on Asian peace and stability.

Leaders of the United States and China are expected to attend a conference of the Asia-Pacific Economic Cooperation [APEC] forum scheduled to be held in Osaka in November. Japan and other APEC members should work to look for a way to create a climate for a Sino-U.S. reconciliation.

**JAL, Thai Airways Cooperate To Gain Market**  
*OW2608132495 Tokyo NIHON KEIZAI SHIMBUN*  
*in Japanese 19 Aug 95 Morning Edition p 1*

[FBIS Translated Text] Japan Airlines Company [JAL] will reinforce its Asian market strategy by expanding cooperative relations with Thai Airways International [TAI]. JAL will increase the number of jointly operated flights between Japan and Thailand sevenfold to 21 flights a week beginning in November.

JAL will also resume using its beyond rights to fly from Bangkok into India — a route suspended since 1992 — in 1996, using the system of code-sharing [preceding word in English] (using the same flight numbers when making plane connections) with TAI to do so. It is the first time that a Japanese airline company has applied code-sharing in the Asian region. JAL now has extensive cooperative ties with one major airline company in the United States, American Airlines, and with one in Europe. It is possible that the four companies' relationship will develop into a global one in the future.

JAL and TAI will turn their Kansai-Bangkok and Fukuoka-Bangkok lines into jointly operated flights as well. Currently, each has one flight from Kansai Airport to Bangkok daily. Turning them into jointly operated flights will mean the two companies will have two flights a day, which would make it possible to

schedule flights in a more advantageous way than other companies can — by having one flight leave in the morning and the other in the afternoon, for instance. In addition, TAI's two flights a week on the Fukuoka-Bangkok route will be increased to three times a week and will be jointly operated with JAL.

The Nagoya-Bangkok service, which already is jointly operated three times a week by the two companies, will be changed to four times a week. So far, TAI has used its airplanes on these flights, but the two companies will provide two each hereafter. JAL will provide its own cabin attendants even on joint flights not using its airplanes. The two companies plan to apply to the Ministry of Transport in mid-September for a permit to increase the flights. JAL's line to Bangkok is one of its cash boxes, and passenger demand on that line is on the way up now, as the number of Japanese companies with bases in Asia is increasing.

On flights going beyond Bangkok to New Delhi, TAI's airplanes will be used, linking them with jointly operated flights arriving from Japan — using the system of code-sharing, which would enable passengers to make plane connections with TAI's planes. JAL's flights on this route were suspended in 1992 because of a drop in passenger demand on the route. But since passengers from Japan to India in 1994 increased by as much as 28 percent from the previous year, JAL has decided to resume the flights in cooperation with TAI. It wants to resume the service as early as next summer, and will study the possibility of doing the same on flights to the Middle East countries.

The two companies started joint operations of the Nagoya-Bangkok route in 1988 and in 1994 drew up an extensive cooperation agreement aimed at expanding cooperation in flight operations. The latest decision is the first round of action for extensive cooperation. As the next step, they will consider cooperating in adopting a common frequent flyer program — providing free air tickets for airline customers who have flown a certain mileage — and in adopting the CRS [computer reservation systems] (reservation and ticketing system).

JAL currently has similar cooperative ties with Air France and American Airlines for joint flights and CRS operations, while Air France and American Airlines are considering establishing such a relationship between themselves. Since all three companies are interested in going into the Southeast Asian market, a top JAL executive said that these companies, together with TAI, "want to build up a global network covering Japan, Asia, the United States, and Europe."



**Economic Stagnation Concerns Keidanren Firms**

*OW2808091395 Tokyo KYODO in English*  
0834 GMT 28 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — Japan's leading economic organization said Monday [28 August] most member corporations were pessimistic about economic recovery.

The Federation of Economic Organizations (Keidanren) said the report was based on a poll taken on 257 member firms early this month, with 163 responding.

The survey showed that more than 90 percent of the respondents painted a pessimistic outlook for recovery of the domestic economy, the federation said.

It said only 8.1 percent expressed optimism about an economic recovery.

The federation said 88.3 percent were worried about the deflationary trend as seen in declining prices in recent days.

It said 46 percent of the respondents said they have implemented personnel reductions to tide over the severe business environment, while an additional 6.8 percent said they would take similar steps in the near future.

The federation said 81.4 percent called for the government to take a positive fiscal approach to reactivate economic activity and sought the implementation of another large-scale supplementary budget with outlays averaging 9.3 trillion yen.

The government enacted a 7.3 trillion yen extra budget for the current fiscal year which began April 1.

**BOJ To Help Rescue Cosmo With Special Loan**

*OW2808125495 Tokyo KYODO in English*  
1229 GMT 28 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — The Bank of Japan (BOJ) will provide a special loan of 20 billion yen to the failed Tokyo credit union Cosmo Credit Corp., a senior central bank official said Monday [28 August].

The term of the loan, which will be made available under article 25 of the Bank of Japan Law, will be either five or 10 years, Minoru Masubuchi, head of the BOJ's credit and market management department, said.

He said about 100 billion yen is necessary as principle in order to raise 20 billion yen in 10 years when the profit margin is set at 2 percent a year.

"If there is a shortfall after all available sectors are tapped, it is only the BOJ that can make it up," Masubuchi told reporters.

He added the loan is a kind of bridge loan until the financial system research council comes up with an official framework for the bailout plan.

**Plan To Liquidate Cosmo Loans Released**

*OW2808091495 Tokyo KYODO in English*  
0846 GMT 28 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — The Tokyo Metropolitan Government on Monday [28 August] released a scheme to dispose of a huge amount of problem loans that has gripped the failed Tokyo credit union, Cosmo Credit Corp.

The metropolitan government, which supervises credit unions in Tokyo, unveiled the plan jointly with two other architects — the Finance Ministry and the Bank of Japan [BOJ] — after receiving the consent of Cosmo's 24 creditor banks, metropolitan government officials said.

The plan features the creditors forgiving a uniform 60 percent, or a combined 63 billion yen, of their claims on Cosmo as a way to liquidate 250 billion yen in the credit union's irrecoverable loans against its total bad loans of 380 billion yen.

Cosmo credit is the largest credit union in Tokyo, which virtually went under at the end of July after depositors rushed to its outlets to withdraw money in reaction to a newspaper report that it was in a crisis.

Tokyo Kyodou Bank, set up by the BOJ and commercial banks in January to liquidate loans left by two other bankrupt Tokyo credit unions, will serve as a bridge in taking over Cosmo's operations.

**Article Views Merits of Asset-Backed Securities**

*952A0624A Tokyo KINYU ZAISEI JIJO in Japanese*  
12 Jun 95 pp 14-20

[Article by Shunsaku Ichikawa, chief of financial commodities]

[FBIS Translated Text] **Improve ROA** [return on assets]

There are various needs for floating debts among corporations and banks, but the main needs can be summarized as follows:

First, the primary need for corporations is to diversify the ways to raise funds. At present, the ways to raise funds for corporations are limited to bank loans and



issuance of corporate bonds and so on. But, introduction of floating debts means addition of a new way to raise funds. Corporations want to select freely from these multiple ways to raise funds.

A second need is reduction of costs of raising funds. Corporations need to select the least costly one from the multiple ways to raise funds. Of course, the most cost-effective way is determined by such factors as market conditions and competition among financial intermediaries. However, through innovation in product designs for floating debts and by creating products that can be readily accepted by investors, we may often be able to make these products less costly than such conventional ways of raising funds as indirect financing.

A third need is off balance sheet financing of assets. By not reporting some assets [and thus liabilities] in the balance sheet, a company's ROA improves. Also, as the assets will be understated, the amount of the owners' equity will be compressed, as well, improving ROE [return on equity]. At present, a low level of dividend yield in real terms has been pointed out as one of the problems in our country's stock markets. But, as a result of improvement in ROE, dividend yields will also be improved. Off balance sheet financing through floating debts will contribute to solving this kind of problem, as well.

#### **Raising Funds on Credit Standings of Debts**

Along with these three kinds of needs, let's consider the effects, with concrete examples.

First, we can point out an effect in terms of floating accounts receivable. Here, we should take note that in recent years, there has been a decrease in use of promissory notes among companies to be paid for their accounts receivable. Many companies used to raise funds by transferring their notes receivable obtained from their customers to banks for factoring. But, without such promissory notes, companies now have to raise funds according to their own credit standings, and thus, some companies are having some trouble in raising funds. Using the ABCP [asset-backed commercial papers] program, which is a system to float accounts receivable, it is possible to raise funds, in effect, just like factoring commercial promissory notes.

Another effect that can be expected is in raising funds for restructuring.

When a company's operating results deteriorate, it will certainly be difficult to raise funds based on the company's own credit standing. Floating of debts will open up a way for such a company to raise funds for restructuring, an effective way to improve the company's balance sheet.

The automobile industry in the United States is a case in point that provides us with a valuable example. Due to a worsening recession in the early 1990's, operating results of the so-called Big-Three automobile manufacturers deteriorated, and in 1991, all three manufacturers reported sizable losses. The credit rating for one of these companies went below the level recommended for investment; it deteriorated to the same level as that for junk bonds.

However, the United States has a well-developed market to securitize automobile loans for individuals and dealer loans for automobile dealers. Therefore, securitization of loans by finance companies owned by automobile companies was used more extensively than ever. Because of the existence of such a market, the aforementioned company was able to raise funds by issuing AAA-rated securities by securitizing its assets, even though its credit rating was a mere B singly.

In sum, as securitization is a way of financing based not on a company's credit standing but on the credit standing of the debts themselves, the company was not affected much by the deterioration of its operating results. In this case, it has been reported that there was more than a 1-percentage point difference between the cost of a bank loan and the rate for pure financing through the ABS [asset-backed securities]. This example should provide great insight for companies in our country, whose overall credit ratings have been deteriorating.

Furthermore, there is an effect in terms of raising marketable funds. In securitization, the cost of raising funds is basically a sum of the cost of raising funds in the market for issuance of securities, interest expenses, the cost of currency swaps, and commissions to be paid to banks and other financial intermediaries. Therefore, it vividly reflects market prices at the time of issuance. On the part of corporations, there is a strong demand for transparency in costs of raising funds. Even if we create many products for raising funds, however, unless we provide a system with a high level of transparency on prices, we will not be able to attract customers.

Also, as securitization is a method of financing that does not rely on corporate credit standing, even those companies that could not issue corporate bonds or CP [commercial papers] in the past will be able to have access to marketable funds.

#### **Methods Employed by Banks Will Change**

On the other hand, what kinds of needs do banks have? In terms of transactions with their customers, the needs of the banks are in fact how to respond to the aforementioned corporate needs. Other than these needs,



if I may venture to cite, the following two items seem to be the particular needs of the banks.

The first need is to diversify risks. From the standpoint of bank management, it is more desirable to make one loan each to ten different companies than to make ten loans to one company. Therefore, if loans are concentrated in particular borrowers, it becomes necessary to float these loans.

The second need pertains to dealing with such regulations on the owners' equity ratio as imposed by BIS [the Bank of International Settlements]. At present, those banks that have adopted BIS standards all satisfy the 8-percent standard. In light of response measures in the future, however, it is vitally necessary for bank management to maintain off balance sheet financing of assets as much as possible.

In any event, how does the floating of debts relate to the conventional operations of banks? If the floating of debts becomes widespread in response to the needs of corporations and banks, the traditional functions of banks will change as a result, effecting further separation of functions. In particular, it seems that the arrangement function for a loan will be separated into an origination function and a holding function. I would like to expand on this point in rather concrete terms as follows:

In the method of floating accounts receivable, origination of a plan will come from a company as before, and arrangement for the plan will be made by a bank. On the other hand, the holding function will be performed by the investors on ABCP. Compared to direct lending, this will enable banks to diversify credit risks.

How will the floating of debts change the traditional banking operations, and the lending operations in particular? Banks have traditionally lent money by examining the assets of each individual company and, if necessary, by securing particular assets as collateral. The floating of debts is different from the traditional lending practice because it legally segregates the right to specific assets, but in essence it is not different from the traditional financing method. Banks will arrange for plans to float debts, supplement the credit and the negotiability of securities to be issued, manage the funds, handle the securities, and so on; they will fully perform the functions of financial intermediaries.

In this sense, even if there occurs a shift from lending operations, it can be considered as a change in the methods of our banking services in response to the needs of our customers and markets. As banks fully perform their functions as financial intermediaries by using new methods, and as the efficiency of the markets increases,

they will be likely to have more opportunities for fee-based businesses.

### **Creation of the Third Market**

Before stating my vision for creation of a market for floating-debt products, I would like to examine the so-called "securitization" method in the United States.

"Securitization" is defined as one form of "structured financing." As financing is made in the form of securities through various kinds of structuring of assets held by corporations and financial institutions, the "structured financing" in this form is called "securitization."

The floating of debts is exactly the same as the so-called "structured financing" in the United States. Speaking of the floating of debts and nurturing of the securities market, the focus tends to be placed on streamlining of the market for issuance and circulation of securities and floating debts, but it is also important to consider how to create free competition in the so-called structuring area. In this sense, streamlining of such areas as law, accounting, and taxation to create financing methods is a prerequisite for nurturing the market for floating-debt products.

Next, I would like to consider a vision to nurture the market for floating-debt products. As various cases abroad indicate, the market for floating-debt products has quite a promising future, and it may possibly become the "Third Market," following the markets for indirect and direct financing. In the United States, for example, the size of the market for securitized products, including home loans, has reached almost the same level as the gross lending balance of commercial banks. (The lending balance of FDIC-member commercial banks was \$2,358.2 billion as of the end of December 1994, and that of ABS was about \$1,600 billion as of the end of December 1992.)

Therefore, it is necessary to nurture the product market with a long-term vision. In concrete terms, the following four points are necessary:

First, we must create a market that will respond to every company's need for floating debts. Companies have debts to third parties in some form or another, and as long as they have the need to raise funds, they have the need to float their debts. Depending on the types of debts, floating may be easy or difficult. But, it is not appropriate to permit such floating only for certain companies or certain debts.

Second, products should be created so that a wide, unspecified variety of investors can invest in them. For the market for floating-debt products to develop into the size that deserves to be called the "Third Market," it is



vitaly important to attract a wide variety of investors. In other words, it is necessary to provide products that are fully marketable, like stocks and bonds in which anyone can invest.

Third, we must create a market with a well-organized infrastructure, including a disclosure system. As Japan is said to be lacking the self-liability principle of investors, it is vitaly important to require disclosure of more concrete and minute information as to the risks associated with individual floating-debt products than in the United States. Also, it is necessary to create a system that will provide such information fairly to all market participants.

Fourth, it is necessary to streamline the system so that the principle of free competition will work among financial intermediaries. Earlier, I stated that the floating of debts would have an effect of separating the conventional financial functions. In concrete terms, there will be separation in such functions as arrangement of a plan, supplementation of credit and circulation, fund management, underwriting and sale of products, and so on. As a result, multiple financial institutions will participate as intermediaries for the same plan. In nurturing a new market, it is extremely important to allow free entries of as many financial institutions as possible, and to encourage competition among these institutions. Also, to ascertain freedom in product development, it is necessary to eliminate such regulations concerning the product arrangement stage as the "Law on Regulating Businesses Pertaining to Specially Designated Debts [hereinafter referred to as the Specially Designated Debts Law]."

To create a product market that is equipped with these four requirements, it seems vitaly necessary to introduce ABS that have many merits as to their negotiability and product designs, and that can be sold, as in foreign countries, to a large and unspecified number of investors.

#### **The Existing Methods Have Limitations**

Let's examine some of the demerits of the existing framework, including the Specially Designated Debts Law and the trust method. First of all, original debt instruments that can become subject to floating are limited, for example, to leases and debts on credit, raising a problem of not being able to satisfy the needs of all companies. Also, as the existing methods limit the sale of products basically to institutional investors, require a considerably large minimum sales unit, restrict negotiability of products, and regulate product arrangement, there are problems of not being able to freely develop products and so on. In other words, the existing methods enable transactions only

in the form that is akin to one-to-one transactions, and place limits on the nature of products.

Let me elaborate further on the problems and limitations of the existing methods. (1) **Specially Designated Debts Law**

According to the so-called Specially Designated Debts Law, that is, the "Law on Regulating Businesses Pertaining to Specially Designated Debts and So On," that came into effect in May 1993, floating of leases and debts on credit that satisfy certain requirements has been allowed. As its name implies, however, this law is applicable only to specially-designated debts, and it does not satisfy the first of the four requirements mentioned in the vision stated earlier. Also, as it prohibits resale of the floated products, it does not satisfy the second requirement, either. Furthermore, as it places some restrictions on product arrangement, it does not satisfy the fourth requirement, either. Because of these product characteristics, therefore, it seems difficult to nurture a market. (2) **Trust Method**

The trust method here means the method of floating debts in home loan trust services that are performed mainly by trust banks in Japan as intermediaries. (The trust method actually employed in foreign countries is a much wider concept than that in Japan.)

The problem with this method is that only trust banks can sell such products. like the specially-designated debts law, it also has many restrictions as to sales and negotiability. According to the aforementioned vision, it does not satisfy the second and fourth requirements, namely the requirements for a wide variety of investors and for free competition among dealers.

Also, as the disclosure system is not based on sales to general investors or on negotiability of products in secondary markets, it does not seem to satisfy the third requirement, either.

Due to the above reasons, therefore, the existing methods do not seem to provide a framework for full-scale, floating-debt products. However, it is necessary to note that each of these restrictions has its own purpose. For example, if we are to eliminate the restriction on negotiability, we will have to have a more complete system of disclosure, and to let the sale of products be handled only by those financial institutions that can assume full responsibility. On the other hand, as the existing market can respond flexibly to disclosure requirements and so on, it can be considered as a plus factor for some plans.

But, to develop products that can be supported by a wide variety of investors, introduction of U.S.-style ABS seems essential.



Products for the ABS and ABCP markets need to be developed as offerings specifically designed for public trading.

Those that are developed under the existing floating methods will be likely to remain akin to products for one-to-one transactions, satisfying specific needs of specific participants.

In particular, the loan participation method that is currently under study will likely have big merits for banks. Therefore, it is necessary to continue improving the system for the market under the existing methods, and to promote deregulation in various areas within limits, if possible.

### **A Legal System Needs To Be Established**

I would like to point out some agenda for study in introducing ABS in Japan:

#### **(1) Setting Up Counteraction for Conditions for Third Parties**

First, there is an issue of setting up counteraction conditions for third parties. With regard to transfer of debts from a seller (originator) to a special purpose company, which is an issuer of ABCP or ABS, as well as in designating certain assets as collateral for issuing ABS or ABCP, there is always an issue of counteraction conditions for third parties. Under Section 467 of the Civil Law, it is necessary to "obtain notification to or acknowledgment of a third-party debtor as of a fixed date." In case of accounts receivable and leases that arise from transactions among corporations, the number of third-party debtors is relatively small, and therefore, it is possible in practice to carry out the procedure for obtaining counteraction conditions according to Section 467 of the Civil Law. (Counteraction conditions for designated debts are specified in Section 364 of the Civil Law, which refers to the rules under Section 467 of the Civil Law to be followed.)

However, in case of such debts for general consumers as debts on credit cards and automobile loans, the number of third-party debtors is large, and therefore it is not only costly but also difficult in practice to follow counterclaim requirements in pursuant to Section 467 of the Civil Law. Therefore, it will be necessary to create a new system.

For example, the United States has a UCC [Uniform Commercial Code] filing system. This system is like making Japan's system of setting up mortgages to register real estate applicable also to movable [personal] properties. Under this system, registration is done by submitting to the registry in a state a document signed by a seller that states the name and address of the seller,

the name of security holders, and the types of secured properties. This system makes it easy to protect various rights, and as it allows easy reference of warranty deeds to third parties, it provides a higher level of information disclosure.

In Japan, as well, the Specially-Designated Debts Law makes it easier to process counter-claim requirements for third parties by using the public notification system. A similar measure seems necessary in introducing ABS.

#### **(2) Protect Parties Involved From Bankruptcy Risks**

As mentioned earlier, securitization is a method of raising funds based on the credit standing of secured debts themselves. Therefore, it is necessary to protect parties involved from bankruptcy risks.

Parties involved in securitization include a special purpose company that is the issuer of securities, a seller (originator) of debts, and a collection agent (a so-called servicer). It is necessary to install various systems to protect the rights of investors from a bankruptcy of each of these parties involved.

First, with regard to a bankruptcy risk of a special purpose company that issues securities, if the special purpose company goes bankrupt while having no particular problems with its assets, the cash flow from the secured debts will certainly be placed under management of the trustee in bankruptcy, resulting in a delay in payment of principle and interest to investors. To avoid such a risk arising from a bankruptcy of a special purpose company, it is necessary to limit the scope of business and liabilities, and to obtain a consensus among the parties involved not to let the special purpose company go bankrupt.

Next, it is necessary to devise a system so that a special purpose company will not get involved in an originator's bankruptcy. If an originator goes bankrupt, and its trustee in bankruptcy considers the special purpose company's assets as the originator's assets, the cash flow to investors will be halted. Therefore, it is necessary to devise a means to separate special purpose companies from originators. Various measures, including accounting, need to be studied to construct a theory of "genuine transfer" of debts, and to establish a legal ground to separate special purpose companies from originators.

Furthermore, a servicer's bankruptcy can become a problem. If a servicer goes bankrupt, and its assets are seized by its trustee in bankruptcy, the cash flow to investors will be halted. Therefore, it becomes necessary to separate the money collected on the debts from the servicer's assets, and to safeguard the collection operation after the servicer's bankruptcy.



In the United States, checks are used for collection of money, and there exists a system of safeguarding such collection of money from a servicer's bankruptcy through the use of "lock-box accounts." Also, if a servicer goes bankrupt, a back-up servicer contract will kick in and enable a next servicer to continue the same collection services. In Japan, collection of money is normally done through account transfer from a savings account. Considering this characteristic, therefore, it seems necessary to set up systematic response measures among financial institutions.

A last legal issue is a problem unique in Japan that is associated with the investment law. In sum, it will be necessary to devise various measures so as not to go against the spirit of the investment law, for example, by limiting management of special purpose companies to those banks that are exempt from the investment law.

### **Streamline the Market Infrastructure**

#### **(1) Expand the Method for Credit Supplementation**

There are also some agenda regarding credit supplementation that is indispensable for securitization.

For example, as ABCP involve many interested parties, and the flow of funds is also complex, it can't be denied that there is a possibility of delay in payment of money collected. Here, if we always have banks provide supplementation of liquidity as in the United States, it will become possible to secure payment of collected debts on time to investors even if some emergency situations occur.

In the market for securitization in the United States, there exist many means for credit supplementation; in fact, credit supplementation is obligatory. However, as credit supplementation, including liquidity supplementation, is a method that Japan has not established yet, it is necessary to study how to make this method widespread and to devise some legal means to do so.

#### **(2) The Need for a Circulation Market**

To develop a market for securitization into one that deserves to be called the "Third Market," it is necessary to have a circulation market. If an active circulation market exists, the liquidity of securities will be enhanced. As a result, it will make it easier for investors to participate, and at the same time it will enable originators to reduce the cost of raising funds. To accomplish this, it will be important to have as market makers those intermediaries that have experience in dealing with marketable products.

#### **(3) Accounting and Tax Standards**

Lastly, I would like to comment on an agenda relating to accounting and taxation.

In the United States, FASB [Financial Accounting Standards Board] has set up accounting standards for off balance sheet financing for even the transfer of debts with recourse. On the other hand, although off balance sheet treatment is allowed for a scheme relating to loan participation, Japan has no clear standards at present, leaving such decisions to the opinions of individual accountants.

Even in taxation, as no posted prices are available for debt transfers, there is no clear standard as to how to determine gain or loss from such transfers. Once a market for ABS is streamlined in the future, it will become necessary to introduce also an idea of using market-determined transfer prices for tax purposes.

In addition, as a matter of course, it is necessary to further streamline disclosure and rating systems.

### **Free and Fair Competition**

Floating-debt products are certainly for the market of the future. Also, they are very important products that will potentially create the "Third Market." Therefore, it is necessary to establish an environment based on free and fair competition to promote innovation in finance.

On the other hand, there exist various problems in Japan's financial and capital markets, creating such problems as so-called hollowing-out effects in finance. In response, the market for corporate bonds is being streamlined at present. Therefore, in developing new transaction methods, it is necessary to try to prevent similar problems from happening in advance by recognizing such potential problems.

To this end, in addition to streamlining various related systems according to the aforementioned long-term vision in a speedy fashion, I believe it necessary for our banks to make full efforts in streamlining the environment and developing the market.

### **Kono Withdraws From LDP Presidential Race**

OW2808090395 Tokyo KYODO in English  
0858 GMT 28 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — Foreign Minister Yohei Kono, president of the Liberal Democratic Party (LDP), said Monday [28 August] he has decided to withdraw from the party's presidential race to avoid disrupting party unity.

Announcing the decision at a news conference, Kono, 58, said consideration must be paid to sentiment of LDP members who would like to avoid possible "strife"



within the party, the dominant force in the tripartite ruling coalition led by socialist Prime Minister Tomiichi Murayama.

"It is true that I'm concerned about a rupture developing in the party," he said, referring to growing intraparty confrontation between his camp and that of Trade Minister Ryutaro Hashimoto, 58, who announced his bid for the LDP presidency last week.

Behind Kono's abrupt withdrawal was speculation that the Hashimoto side is gaining an upper hand in the rivalry, party sources said.

Kono, who doubles as deputy prime minister, was originally scheduled to announce his candidacy for the Sept. 22 party presidential poll Tuesday.

But Kono said he will not resign from his current post as a key cabinet member.

#### Kono Explains Reason

OW2808110995 Tokyo NHK General Television Network in Japanese 0833 GMT 28 Aug 95

[Statement by LDP President Yohei Kono from the LDP Headquarters in Tokyo; live]

[FBIS Translated Text] After long deliberation, I have decided not to run in the upcoming Liberal Democratic Party [LDP] presidential election. My decision has just been conveyed to, and approved by party executives. Please let me explain a little about my standpoint.

Since my inauguration as LDP president I have advocated political reform, party reform, and recovery of ruling power. I wanted to continue fulfilling my duties as we have not yet achieved these goals. As the presidential election drew nearer, however, strong moves occurred both inside and outside the party in unexpected ways. In line with this, I began to consider that I had to frankly listen to various opinions in the party.

Meanwhile, Japan's economy is undergoing considerable difficulties, and, as an immediate objective, we have to ease social uncertainties by overcoming the prolonged recession. We have to admit that Japan is undergoing a national crisis, and I feel that not only individual LDP members but also the general public have been critical of the power struggles in the LDP. I recently explained such feelings to senior and fellow dietmen, and considered my course of action after taking their advice into account. As a result, I concluded that I must not add to the uncertainties in the Japanese political scene, and therefore I have decided not to seek reelection as LDP president.

As LDP president, I have been fulfilling my duties with support from LDP members and dietmen. However,

with an eye on Japan's present situation and the ruptures developing in the party, I have come to realize the difficulties facing my colleagues. While making this decision, I greatly appreciate those who helped me in difficult times. I hope a capable person will be elected as the new LDP president at the upcoming party convention, and that person will reactivate the liberal and democratic mood of the party.

#### Political Leaders Comment

OW2808131495 Tokyo KYODO in English  
1254 GMT 28 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 28 KYODO — International Trade and Industry Minister Ryutaro Hashimoto said Monday [28 August] he will still face the presidential election of the Liberal Democratic Party (LDP) as a challenger despite the withdrawal of the incumbent president from the race.

"I was really surprised by seeing (the news) on TV...I have no other words," Hashimoto said after hearing that LDP president Yohei Kono, also foreign minister, has given up running for reelection.

Hashimoto said he wants to remain as a cabinet member with feelings that he will run as a challenger in the Sept. 22 election.

Hashimoto also expressed regret over the possible cancellation of an open election of the party's head, saying, "I have thought that it is important to hold a debate in front of party members and the people."

The two rivals were to run against each other in the presidential election and were to hold an open discussion over their respective policies.

In an abrupt move, Kono told a press conference Monday that he has decided to withdraw from the party's presidential race to avoid disrupting party unity.

Kono said he decided on the withdrawal considering the sentiment of LDP members who would like to avoid possible "strife" within the party, the dominant force in the tripartite ruling coalition led by socialist Prime Minister Tomiichi Murayama.

Asked about Kono's withdrawal, Murayama at his official residence told reporters that he had nothing to say because it is an LDP matter.

Murayama said he has no idea what impact Kono's decision will have on his cabinet, only saying, "(Kono) will be president until the party's convention."

Behind Kono's withdrawal was speculation that the Hashimoto camp was gaining an upper hand in the rivalry, LDP sources said.



LDP Secretary General Hiroshi Mitsuzuka told a press conference that Kono's decision should be taken seriously because it is the result of his careful consideration.

Asked about the election, Mitsuzuka said it should be held orderly and according to the party's rules.

Mitsuzuka also denied that he would run in the election, saying he will "observe developments calmly."

Former LDP Vice President Michio Watanabe criticized Kono's withdrawal, saying, "Mr. Kono did not think about the party's members and gave up (his candidacy) for his own purpose."

Watanabe said he also would not be a candidate in the election.

Former Prime Minister Kiichi Miyazawa issued a statement that termed Kono's withdrawal a "brave decision."

"Mr. Kono has decided to withdraw out of a judgment that the LDP will lose the people's trust if the presidential election further intensifies," Miyazawa said.

Wataru Kubo, secretary general of the Social Democratic Party (SDP) which Murayama leads as the chairman, indicated that the virtual settlement of the LDP's election would hasten dissolution of the House of Representatives and result in a general election.

"With the presidential election being settled, we must hurry up with preparations for a general election," Kubo said.

The SDP shapes the present coalition with the LDP and New Party Sakigake headed by Finance Minister Masayoshi Takemura.

Sakigake Secretary General Yukio Hatoyama said Kono's pullout will not have an immediate impact on the framework of the coalition government.

"This problem is not an urgent matter if we can recognize (the LDP) observe the three parties' accord (to cooperate) under Prime Minister Murayama," Hatoyama said.

Kazuo Shii, secretariat chief of the Japanese Communist Party, said the friction between the LDP and the SDP will deepen given Hashimoto's virtual selection as the next LDP president.

#### **Impact of LDP Presidency on Coalition Viewed**

OW2708120295 Tokyo KYODO in English  
1113 GMT 27 Aug 95

[FBIS Transcribed Text] Okayama, Japan, Aug. 27  
KYODO — International Trade and Industry Minister Ryutaro Hashimoto denied Sunday [27 August] he is maneuvering to garner support within the Liberal

Democratic Party (LDP) in his bid to win the LDP presidential race.

Hashimoto made the remarks at an Okayama Hotel news conference in response to criticism from his rival Foreign Minister Yohei Kono, the incumbent LDP president, who said the Hashimoto camp is maneuvering too soon.

The trade minister said moves to support him are spontaneous.

"The LDP president also knows that various moves occurred spontaneously within the party after seeing the result of the House of Councillors election and the cabinet reshuffle," Hashimoto said.

The Sept. 22 election for the LDP presidency is expected to be a two-way race between Kono and Hashimoto, who officially declared his candidacy last Monday. Election campaigns will formally start Sept. 10.

Hashimoto reportedly has a lead over Kono, who is seeking a second two-year term as LDP president, among the rank and file of the party as well as the LDP Diet members.

Hashimoto said if he is elected LDP president he will maintain the current coalition with Prime Minister Tomiichi Murayama's Social Democratic Party and New Party Sakigake [Harbinger].

"The presidential race is a big event but within the framework of the LDP. It should not affect the government...[ellipses as received] Whatever the result, I will not destroy the three-party coalition," he said.

During a Japan Broadcasting Corp. (NHK) program earlier in the day, Shumpei Tsukahara, who heads the group backing Hashimoto, said the trade minister has a better chance of leading the LDP to victory in the next general election than Kono.

Hashimoto, who has always been in the vanguard of party campaigns for elections and other issues, has more "spunk," while Kono has been engaged only in "empty gestures," Tsukahara said.

Hideyuki Aizawa, a leader of the Kono camp, said Hashimoto as LDP head would make the LDP's partners feel uncomfortable since he often stresses the importance of expressing the party's true colors.

On a private Asahi Broadcasting Corp. program, Junichiro Koizumi, the reform-oriented former posts and telecommunications minister, defended Kono, saying there is no reason to get rid of him.

"I am not at all sure that the party will win the general election if Hashimoto is elected president," he said.



On the same program, Michio Watanabe, former foreign minister, criticized Kono, saying he often avoided bearing the brunt of unpopular programs such as the consumption tax.

Watanabe reiterated his support for Hashimoto, arguing that the focus of the presidential election should be on who is more likely to increase the party's number of Diet seats.

Kono, who is scheduled to formally announce his candidacy for the race, told reporters Sunday he is not worried about getting a late start. He said the priority must be on his duties as foreign minister.

Meanwhile, Ichiro Ozawa, secretary general of the main opposition Shinshinto (New Frontier Party), told a news conference that his party will not change its attitude to the LDP regardless of who is elected president.

"The LDP president is not the prime minister. The present prime minister is Murayama and I don't think (the LDP race) will cause a major change or have such influence on the government," Ozawa said.

#### **Sakigake Starts Effort To Form Third Force**

*OW2708135195 Tokyo MAINICHI SHIMBUN  
in Japanese 21 Aug 95 Morning Edition p 2*

[FBIS Translated Text] New Party Sakigake [Harbinger] is making wide-ranging efforts to form a "third force." While Masayoshi Takemura, head of Sakigake (who also serves as finance minister) is seeking ways to create a new party in cooperation with the Social Democratic Party of Japan [SDPJ], Secretary General Yukio Hatoyama is trying to strengthen his ties with former Hokkaido Governor Takahiro Yokomichi. In the meanwhile, Naoto Kan, chairman of the Policy Affairs Research Council, is trying to start forming a third force in Tokyo. With the general election close at hand, reform of the party has now become an urgent task. Under such circumstances, all three leaders seem to be engaged in multilateral operations for "survival."

Sakigake has speeded up its move to form a third force after suffering a setback in the recent House of Councillors election. Takemura met with Prime Minister Tomiichi Murayama at the end of July and reached an accord on "forming a dovish liberal group." About this time, Takemura also made frequent contacts with top SDPJ officials, including Secretary General Wataru Kubo and Vice Secretary General Masanori Goto, taking into consideration the possibility of forming a new party in cooperation with the SDPJ.

Takemura has indicated his view that "it is necessary for the party to indicate its intention to make a new start with a determination to dissolve the party." Moreover,

indicating his strong determination at a news conference held in mid-August, Takemura said: "I would like to start intraparty discussions after the Obon holidays [around 15 August] on our relations with the SDPJ as well as on the party's orientation, with the purpose of winning in the House of Representatives election."

Meanwhile, Hatoyama joined in a political group "Liberal Forum," which aims at forming a third political force with Yokomichi, Goto and Banri Kaieda, the head of the parliamentary group called the Minshu Shinto Club [Alliance of Democratic Reformers], so as to form a wide-ranging force, including conservative politicians. Moreover, Kan plans to establish a political group called the "Tokyo Council of the Third Liberal Force" (tentative name) soon, aiming at seeking ties mainly with independent politicians.

However, these moves are merely "efforts made by individuals" (as stated by Kan), and they are not based on intraparty discussions. Many Sakigake members are particularly opposed to the idea of strengthening ties with the SDPJ because of reasons such as its "over-reliance on labor unions." Many party members, younger Diet members in particular, have expressed their disapproval of forming a new party with the SDPJ "as a whole."

Moreover, it still remains unknown how Takemura intends to achieve realignment with the SDPJ, and this fact has also become a negative factor. A senior Sakigake member pointed out that "our party head may not have arrived at a final strategy or procedure for dealing with this issue."

Meanwhile, Kaieda's group, another possible partner, seems to be ready to draw a line of demarcation against Sakigake's plan to strengthen Sakigake-SDPJ cooperation.

Since multilateral operations may lead to the party's weakened unity, a question will once again be raised as to Takemura's ability to form a third political force.

#### **Party Politics Reportedly at Critical Point**

*952B0198A Tokyo SEIRON in Japanese Jul 95  
pp 208-215*

[Article by Yuzuru Kawamura, SANKEI SHIMBUN editorial staff]

#### **[FBIS Translated Text] Fundamental Crisis of Politics**

"There exist many problems that may jeopardize Japan's future, but politics today has done nothing to solve them. All the political parties and most of our politicians are working only for their most selfish motives—self-preservation.



"The public despised this political condition, and has become indifferent toward it. This is the fundamental crisis of politics.

"Even as the era of new historical twists approaches, Japan is unable to express its opinions clearly as a nation; it has become a nation of eunuchs."

Shintaro Ishihara of the Liberal Democratic Party [LDP] (who served as Minister of Transport, Director General of the Environmental Agency, and so on) severely criticized the current condition of politics during his speech of thanks upon receiving an award for his continuous public service for 25 years, at a plenary meeting of the House of Representatives on 14 April. With this speech as a "parting gift," he resigned from the political world.

His speech must have come home to the politicians at the meeting, especially the executive officers from LDP. That is because candidates from the LDP, the Social Democratic Party of Japan [SDPJ], and other existing political parties were defeated by such nonpartisans as Yukio Aoshima and Nokku Yokoyama (Isamu Yamada) in the gubernatorial elections in Tokyo and Osaka, which took place five days before Ishihara's speech, generating fears among these political parties and politicians of a possible explosion of accusations against them.

However, there was no movement from executive officials of the political parties to take responsibility. Some people within these parties uttered personal criticisms, saying, "What does our executive division think about this? Even Ozawa (Ichiro) took responsibility after the defeat in the previous gubernatorial election." However, they did not accuse their executive divisions publicly.

In fact, this very nature of the political world in the past few years, which can be dubbed a "structure of complete irresponsibility of the political world," is the biggest reason why our nation's politics has become powerless and has been deserted by the public.

#### **The Hosokawa Administration Missed the Chance To Revitalize Politics**

What triggered today's flux in politics can certainly be traced to the election for the House of Representatives in July 1993. In this election, the LDP lost the political power it had maintained almost single-handedly for 38 years, and allowed the birth of the Hosokawa coalition government. If historians look back at this nation's history in the future, they will certainly consider this juncture as having the best chance for political renewal. But, the politicians failed to seize this chance; instead, they changed it into a crisis, making it a beginning of the tragedy of our nation's politics.

Around that time, the public was clearly galled by the disclosure of a series of money-related scandals in the political world. Criticisms were certainly directed at LDP's one-party control. Then, with a "non-LDP" slogan, Ichiro Ozawa (the then secretary general of the Shinseito) made Morihiro Hosokawa, who had just created a new party by himself a year earlier, the head of the coalition government. His political maneuver was outstanding. If someone other than Hosokawa had been nominated as the head of the government then, it could probably have been impossible to create such a perfect "non-LDP government" due to differences in objectives among the parties in the coalition.

If that were the case, and with LDP's attempt to undermine the formation of non-LDP government, a most likely scenario could have been a creation of a coalition government involving LDP and some other parties. In this sense, therefore, Ozawa was able to read the "public sentiment" perfectly at that time.

Hosokawa, who was entrusted as a navigator for the "era of reform," is a descendent of a feudal lord in the former Higo-Kumamoto region. His mother's side is from the Konoe family, one of the five regent families. His grandfather is Fumimaro Konoe, who served in the prewar period as chairman of the House of Peers and as prime minister. Therefore, it is no wonder that the public, who loves "nobilities," had high expectations for him.

These high expectations are evidenced by the support rates for the cabinet reported by the mass media at that time. Every survey showed a support rate in the 70-percent range; a survey by Sankei Shimbunsha showed a support rate of more than 80 percent at its peak. Prior to the birth of the Hosokawa administration, the highest support rate among successive Cabinets was 61 percent registered at the time when the Tanaka cabinet was born. Therefore, the extent of the public's expectations for the Hosokawa administration was unprecedented; this would probably be the first and the last time. With this public support, if the Hosokawa cabinet had continued its course by upholding the "banner for reform," the opposition parties could not have done anything but yield to the Hosokawa administration, because opposing the administration would have been tantamount to antagonizing the public.

Before fully confronting its political enemies, however, the Hosokawa cabinet came to a sad end; it broke up from within. To be sure, Hosokawa's personal loan of 100 million yen [Y] from Sagawa Express became a big political issue. But, it was not the fundamental reason for the collapse of the administration. The biggest factor



in the collapse of the Hosokawa administration seemed to be the chief cabinet secretary, Masayoshi Takemura.

Hosokawa and Takemura were like sworn friends at the time of forming their administration. People thought that a merger of Hosokawa's Japan New Party [JNP] and Takemura's Sakigake in the future was a question of time. In fact, the two parties had already agreed on such a merger.

The relationship between Hosokawa and Takemura—the latter successfully obtained the post of the chief cabinet secretary when the Hosokawa administration was formed—seemed to be going well at the beginning. Within a few months, however, they changed their political stance. The biggest factor for this was a feud between the two over Ozawa, a man at the center of the coalition government at that time. No doubt, both Hosokawa and Takemura had been "anti-Ozawa" prior to the formation of the administration. Once they became in charge of government, however, they had to rely on the ability of Ozawa, who had always been at the center of power during the time of the LDP's reign, and had complete know-how about political management. However, Takemura maintained his staunch anti-Ozawa attitude, and began planning to separate the prime minister from Ozawa, the de facto secretary general of the governing (coalition) parties. It was in December 1993, merely four months after the birth of the Hosokawa administration, when Ozawa marched into the prime minister's office and requested that Hosokawa "fire the chief cabinet secretary."

However, Takemura was shrewd. Whenever he was driven into a tight corner, he either leaked some information through the mass media, or approached the SDPJ to stage a disunity in the cabinet, thus showing his "skill in secret manipulation" that would be a surprise even to Ozawa. Because of this disarray within the government, the Hosokawa cabinet began to falter. And, at the same time, the public began to perceive this movement as, "Prime Minister Hosokawa is an amateur who cannot take control of even the internal affairs of the cabinet." This is the beginning of the public's disappointment over politics. As the people had such high expectations for the Hosokawa administration, their disappointment was naturally great.

Hosokawa's tragedy was foreshadowed by his mistake in appointing members of his cabinet. Due to the political situation at that time, appointing Takemura to the position of chief cabinet secretary was unavoidable. However, in addition to appointing Yukio Hatoyama as deputy cabinet secretary, Hosokawa also accepted Hidemasa Tanaka's request and took him into his cabinet by giving him a title of special assistant to

the prime minister. In other words, all positions at the prime minister's office were completely taken over by members of "Takemura's Sakigake," except for Hosokawa himself. The prime minister was surrounded completely by his enemies. The reason Hosokawa had frequent nightly meetings with reporters on affairs at the prime minister's office and with other various individuals, including those outside the political world, was partly due to his frustration: "There is no one politician in my office who would act on my behalf." If the prime minister had to function like a secret agent, politics would not work. In the end, Hosokawa suddenly relinquished his governing power in the midst of budget deliberation, an unseemly ending for a professional politician. However, the truth seems to be that he was toppled by Takemura, his sworn friend, upon whom he had relied.

#### **Crime and Punishment of Masayoshi Takemura**

However, it is another story as to whether Takemura, who seems to have won this political battle, is a true winner in a political sense.

The sheer magnitude of Takemura's political crime can be measured by the fact that he destroyed the people's hope for political renewal all at once. This is clear when we look at the Sakigake's subsequent political actions. As soon as the Hosokawa administration was toppled, the Sakigake, which was at the center of the administration, began to keep in step with SDPJ, which had left the coalition government earlier. It committed a political betrayal by acting to support establishment of the LDP-SDPJ coalition government.

How politically wrong the coalition of LDP and SDPJ was is demonstrated clearly by Shintaro Ishihara, a promoter of the coalition, who left the political world with a speech of self-criticism quoted at the beginning of this article. However, the Sakigake's action was equally foolish.

Let's review what happened. It was June 1993 when Takemura and ten other young politicians severed themselves from the LDP, and created the "New Party Sakigake." A month later, this party fought in the general election with a non-LDP slogan, and became the central force for the non-LDP government. Then, merely a year later, it, in effect, helped the LDP to return to power. This being the case, actions of politicians and their campaign promises have no substance. Once the circumstance changed, Takemura changed his political stance without feeling constrained by his own promises. No matter how well he had advocated political reform and administrative reform, he continued to ridicule the public. He is a rare breed of politician, indeed.



Let me cite a typical example. When Takemura was the chief cabinet secretary, he was angry about the tyranny of bureaucrats from the Ministry of Finance [MOF], and in cooperation with the SDPJ, he killed the "Public Welfare Tax Plan," which was promoted by Ozawa and the MOF. A well-known story is that he said angrily, "When did MOF bureaucrats become politicians?" However, when he was appointed to the post of finance minister in the Murayama cabinet, he became "as meek as a lamb," dancing to the tune of MOF bureaucrats. I have not heard that he, as finance minister, has made any significant changes in the MOF's policies. Instead, he seems to act like a spokesman for MOF bureaucrats. The yen's strengthening with no abatement these days seems largely due to Takemura's inability to form policies.

Even though Takemura has been elected only three times to the House of Representatives, he was able to get such central positions in government as chief cabinet secretary and finance minister. During the time of the coalition government, he was also the head of a political party, albeit small in size. Therefore, he was once considered by some in the political world and the mass media as a politician of remarkable ability equal to Ichiro Ozawa. However, it became gradually clear that he was overrated.

Jun Eto, a literary critic, makes a biting criticism of Takemura in his book entitled *Japan, Are You Going To Perish?* (published by Bungei Shunjusha): "Mr. Takemura is a man with a strange background. He spent 10 years earning his college degree. I believe he is living to recoup those 10 lost years in a full burst as the single most important source of his energy. In short, he is a man who cares for nothing except becoming a celebrity, and stops at nothing to achieve his goal. Therefore, there is no other politician who can be as untrustworthy as he is. That he was able to become part of it is the most scandalous thing about the evil and monstrous nature of the coalition cabinet. One characteristic of politics in the Heisei period is that to carry out political reform, such scandalous people had to unite together. In this sense, the Hosokawa cabinet was truly scandalous. The person who was supposed to play a pivotal role was the most scandalous."

This criticism is quite incisive, and I can agree to it in many ways. During the time of the LDP's reign, Takemura once played a role equivalent to secretary general at the party's political reform headquarters. I remember some executive official of the LDP saying, "Takemura is not pleased because even though he once worked as a governor, he is now asked to do chores within the party. He may rise in revolt if a controversy develops over political reform. He tends to

crave an important official position." Considering all this together, I believe Eto has an uncanny ability to judge people.

As Takemura was spoken of by today's leading commentator as "the person who was supposed to play a pivotal role was most scandalous," he would never be able to gain public trust, no matter how many important positions in government he held in succession. The public also seemed to have noticed the scandalous nature of Mr. Takemura—the support rate for the Sakigake made a nose dive. According to a survey conducted by SANKEI SHIMBUN in April, the support rate was only 4.1 percent. The public's expectation for the Sakigake has already waned. Therefore, although Takemura seemed to have won localized battles by using guerrilla tactics, he has lost the most important quality as a politician, because both the public and the political world consider him an "untrustworthy politician."

#### **LDP and SDPJ Change Their Principles; the New Frontier Party Stumbles**

Like the crime to fan distrust in politics committed by Takemura and the Sakigake, a crime was also committed by the LDP and SDPJ—they both changed their principles openly without any explanation to their supporters. Because of the limited number of pages for this article, I would like to save this issue of political responsibility of these two parties for some future time. Here, however, I must criticize the cowardly lack of will on the part of the New Frontier Party [NFP], an opposition party that has been unable to go beyond the LDP-SDPJ coalition government.

The biggest aim in Heisei political reform was to create two major political parties that would make changing administrations possible. This is the reason for a decision to divide the seats for the House of Representatives into 300 based on single-seat districts and 200 based on proportional representation.

In fact, as soon as the single-seat constituency system was introduced, the NFP was formed by the cooperation of the Shinseito, Japan New Party [JNP], the Komeito, Japan Democratic Socialist Party [DSP], and so on, all of which had been the member parties of the former coalition government. However, so far, the NFP does not seem to be fully functioning as intended.

The NFP's first stumble was not being able to present its party ideology clearly to the public. The biggest reason for this was that each member party was unable (or unwilling) to "reconcile its past." The Komeito and DSP were sticklers regarding their old ideologies and policies, and therefore, the new party could only produce policies that were noncommittal and offending



nobody. Furthermore, citing the large size of its party organization as a reason, the Komeito merged only its central unit with the NFP, leaving its local units intact as the "Komei."

As such, the NFP does not project an image of a fresh, new party to anyone. The Komeito raised a doubt in the minds of the public and its colleagues that it was trying to have it both ways in anticipation of further restructuring of the political world in the future. Also, as the Komeito followed Secretary General Ozawa's plan to support the former Prime Minister Toshiki Kaifu to be chosen as president of the new party, it gave an impression to the public that "the Komeito has the real power within the NFP." All this was quite unfortunate for the launching of the new party.

Moreover, what amplified this sense of distrust was the NFP's ineptness in selecting its candidate for the gubernatorial election in Tokyo. In the election for the head of Tokyo, Japan's capital, the NFP—the largest opposition party, which claims to be the "political party that can replace the LDP"—gave up on nominating its own candidate and opted for free voting, the worst possible decision for a political party. Not that the NFP had no likely candidates within, but it actually had Kunio Hatoyama, who showed his willingness to run for the gubernatorial election from the beginning. It has been said that the reason why Hatoyama decided not to run for the election at the last minute is his family's vehement opposition, maintaining that "you must aim to become a prime minister." However, some people within the party have pointed out that, "Hatoyama could not make up his mind in the end, because he was unable to shake off his doubt that Ozawa might not be willing to support him because of the Komeito." In any event, as the newly formed political party was unable to nominate a candidate for the gubernatorial election, it cannot dispel such a doubt as to its purpose as a political party and its intention to fight against the LDP. As it lost the election in Tokyo by default, no matter how hard it campaigns for gubernatorial elections in Iwate, Mie, and so on, such campaigns will be in vain after all. The people's limited expectations for the NFP will diminish further.

Ozawa showed his political skill brilliantly up to the formation of the Hosokawa administration, but he has lost his brilliance ever since he went out of power. When he boycotted a plenary meeting for the prime minister's keynote address following the birth of the Murayama administration, he was criticized from within his party. Also, he was nudged by a young member of his party, who said, "As an opposition party, you must submit a no-confidence motion in the cabinet during the current session of the Diet." Not only that, but also NFP is

still experiencing an exodus of its members in rapid succession. Ozawa is in a wretched plight; he seems far different from what he was when he was in power. Many of his friends since his days with the LDP's Takeshita faction are beginning to distance themselves from him. Hajime Funada, who used to be considered one of Ozawa's close associates, is criticizing Ozawa publicly these days.

Also, on behalf of the former Komeito, which has been receiving severe criticism within the NFP, Yuichi Ichikawa, chairman of the Executive Council, said in defiance: "If the people within the NFP continue to criticize us irresponsibly, we have no intention to stay with the party." The NFP is having difficulty in uniting its members. As the LDP makes fun of it as "a group of people gathered together only up to the next election," the NFP seems to be short of drumming up expectations from the public. Moreover, such executive-class politicians as Toshio Yamaguchi and Keisuke Nakanishi left the party, or resigned, recently due to their involvement in scandals. The NFP does not have the freshness of a new party. It has not gotten anywhere close to revitalizing politics; instead, it has played only the role of exacerbating the public's feeling of disappointment in politics.

#### **Another Restructuring of the Political World Is the Only Way**

In sum, by calling for political reform and changing the electoral system, they created a political structure of the LDP-SDPJ-Sakigake coalition versus the NFP for the time being. However, the LDP and SDPJ, the two major parties that played leading roles under the 1955 structure, have not been able to present their new political ideologies following the collapse of the East-West Cold War structure. Without reconstructing their principles and ideas, they have been busy trying to patch up the reality. They are taking the most foolish political action of watering down their respective *raison d'etres* by leaning on each other.

On the other hand, although the NFP gathered enough members, it seems to be standing as if stupefied, because it has not constructed its own political ideology or policies that could surpass the LDP's. Alas, there is practically no political party in Japan that can respond to the needs of the citizens. Politics is beginning to show a sign of functional failures.

In response to the sluggishness in politics in the past few years, however, some members of the LDP and the NFP have finally begun to voice their concern: "If this condition continues, Japan will go astray. We must carry out another restructuring of political parties according



to respective political ideologies." In fact, young politicians from the LDP and the NFP—those NFP members who used to be LDP members—are holding a series of meetings rather publicly. Furthermore, there is a report that Ichiro Ozawa and Seiroku Kajiyama—the former arch rivals—have begun to patch up their relationship. It may be rather premature to surmise simply from all this a "movement toward a merger of conservatives with conservatives," but this requires careful attention from now on.

A factor that will precipitate the movement toward another restructuring of the political world is the timing of dissolution of the Murayama cabinet. During his speech in Tokyo on 10 May, Yoshio Mori, LDP's secretary general, mentioned what Prime Minister Murayama had said: "The way the three-party coalition has been existing is not necessarily a satisfying situation for the public. Some people are frustrated by this. The prime minister himself has said that the cabinet created by the head of the nonmajority party is transitory in nature, and that there is a limit to what it can accomplish." On the following day, this was widely reported by YOMIURI SHIMBUN and other newspapers, all saying, "The Prime Minister Concedes His Intention to Step Out." Although the prime minister denied the report, it created a furor in the political world. This is a typical incidence that shows signs of an impending downfall of the administration. Last year, at a dinner table, Prime Minister Hosokawa also confided his "weak spot" to Dietmen Yasushi Shimomura (Columbia Top) and Kiyoshi Nishikawa, both from the House of Councilors. This was leaked to the press, and led him to his resignation. History repeats itself, but what happened to these politicians is due to their unpreparedness as men in power—poor incidents, indeed.

This time also, the political world became uproarious due to Mori's speech, but the public was not surprised at all. It has been reported several times in the past that the prime minister wants to resign, or that he is complaining. Most of all, the public knows that the Murayama cabinet has gone beyond the "limit" from the beginning.

Then, the timing of the prime minister's resignation is a focus of attention in predicting the future political situation. I believe it will come exactly after the next election for the House of Councilors. It seems certain that SDPJ will be defeated in the July election. Not only those of the "bubble group," who were elected six years ago by "opposing the consumption tax," but also those running in single-seat districts are expected to suffer a crushing defeat. Prime Minister Murayama, who is also the chairman of SDPJ, will certainly have to take responsibility.

A commonsense view is that he should have his cabinet resign en masse, and pass the baton to Yohei Kono, president of LDP, the leading party.

The problem, however, is the internal condition of LDP: Will Kono, who is considered an outsider within the party, be accepted easily as the prime minister? If the party begins to have internal conflicts by resurrecting its old factional sentiment over the issue of the post-Murayama period, this may well trigger another restructuring of conservatives. With possible double elections for both houses of the Diet in the summer as well as the future direction of another restructuring in the political world, political movements in the next few months require close attention.

**Morihiro Hosokawa Interviewed on Political Views**  
952B0208A Tokyo THIS IS YOMIURI in Japanese  
Aug 95 pp 184-193

[Interview with former Prime Minister Morihiro Hosokawa by Masahiko Tanaka, chief researcher, YOMIURI SHIMBUN Research Headquarters; place and date not given]

[FBIS Translated Text] [Tanaka] Some people now say that politics in Japan has lost its functions, unable to respond to public expectations. When the one-party rule by the Liberal Democratic Party [LDP] ended after the general election in 1993, I think there was an expectation that a new political system was to emerge. However, the current political situation does not seem to reflect such public expectation and sentiment. Instead, it seems to have generated a strong sense of frustration among the public. I believe all this has manifested itself as a revolt of nonpartisan voters in [the recent] gubernatorial elections in Tokyo and Osaka. Today, therefore, I would like to hear your views from a broad perspective, or at a high level, on how you consider the current political situation in Japan, and what is necessary for political reform.

First, how do you assess the gap between public sentiment and politics, and what do you think is the cause of this gap?

#### **Indifference Caused by Lack of Drama in Politics**

[Hosokawa] In a nutshell, I believe the most fundamental reason for the indifference, or frustration, toward politics is that there is no drama in politics. When the LDP's one-party-rule structure that had continued for about 40 years collapsed, and the Hosokawa administration was formed by an alliance of eight political parties, there was a big expectation that something would change, I believe. In fact, we were able to tackle several political agenda, including political reform and market



opening measures that had been problematic in the past. I had no intention to change political styles, such as how news interviews should be conducted and the method of interpellation, but they were changed. Because of a series of anticipations and surprises, political programs on TV must have had high ratings.

However, as we moved from the Hosokawa administration to the Hata administration, and then to the Murayama administration, the political culture reverted to the old "Nagata-cho and Diet-Affairs-Committee-like" condition. I believe this is part of the reason why the people are feeling that politics is now boring again. Of course, this has something to do with a political style, but a style itself seems to have great significance in terms of the people's interest in politics.

However, the most fundamental problem is that the leading political parties are interested only in the numbers of their seats to maintain their political power, and they haven't come up with any good policies. On the other hand, the opposition parties are being thought of as support groups for election campaigns; they have no clear party platforms. Both the leading and opposition parties are unreliable; we don't know what they are going to do. I think the gubernatorial elections in Tokyo and Osaka reflected such a sense of disappointment, or a feeling of emptiness, on the part of the public.

[Tanaka] Administrations have changed one after another without elections. In a sense, the current Murayama coalition government in particular is quite a strange cabinet, because the prime minister is from the Social Democratic Party of Japan [SDPJ], which suffered a crushing defeat. I believe it has generated a deep-rooted suspicion in the minds of the public about its legitimacy. Would you comment on the Murayama administration?

[Hosokawa] When we created our coalition government, we were also attacked as being an illicit administration by the LDP. I believe the current administration is much more illicit than ours. During the Hosokawa administration, we had political reform as our main pillar, and we gathered together under the banner that we had to carry out reform. However, the Murayama administration started with a priority being set on gaining political power, and it continues to maintain that priority.

Naturally, therefore, the administration gives a low priority to its policies. As it does not have a strong motivation for reform, it may collapse easily when the wind goes against it. Market opening, deregulation, and administrative reform — all these will never make any progress, because the administration's priority is to maintain its political power by gaining enough numbers.

However, as this strange administration was created in the form of the LDP-SDPJ coalition, SDPJ's dogmatic policies under the 1955 structure have changed by 180 degrees. This is somewhat of a historical irony, but it deserves hearty congratulations.

[Tanaka] Fifty years after the war, some people are saying that the traditional systems of politics and economy are no longer functioning well. The collapse of the East-West Cold-War structure may have something to do with this, but some people call this condition a systemic fatigue. Why is this happening, and how do you think we should restore these functions?

### **Structural Reform To Encourage Leadership**

[Hosokawa] Certainly, a systemic fatigue can occur in about half a century. I think this is true not only in politics but also in social, economic, and educational systems. Unless we constantly review or restructure these systems, a systemic fatigue is inevitable. Then, politics should be considered most important because it has to lead by dealing directly with all kinds of things, but this politics itself is suffering from the worst systemic fatigue. I think this is the most fundamental problem in our country. To reform every aspect of such a systemic fatigue, it is necessary to carry out structural reform of politics first so that politics will be able to bring its leadership role into full play.

Some people may say that even if politics is not functioning well, that will not cause any problems for their everyday lives. However, I think that is a very dangerous way of thinking, unless it is meant to reproach politics.

Then, what must we do to have politics regain its leadership role? In my opinion, first is the issue of the quality of politicians. This is rather commonsensical, but we must create an environment where good money drives out bad money, so to speak, by getting as many good politicians elected to the Diet as possible. Such a weeding-out process must be carried out seriously in each election.

Another is an issue pertaining to systems. There are various ways to solve problems, such as measures to prevent political corruption and to stiffen penalties. As we believed that the most realistic measure was to create a political condition that would make the changing of administrations possible, we made every possible effort to pass a political reform bill.

The third issue pertains to the method of choosing a top leader under the current parliamentary system. In fact, I believe this is to be the most important issue in political reform.



For example, in choosing party presidents, the leading and opposition parties could conduct preliminary elections, involving not only party members but also voters outside the parties. We can also consider adopting a system close to electing the prime minister by popular vote, like the U.S. system of registered voters in choosing party presidents.

The fourth point is that each political party must present clearly its "principle-based" party platform, although it is rather difficult to do so during this transitional period with a new electoral system and the existence of many political parties.

[Tanaka] Do you have any concrete ideas as to the system of choosing a party president through a preliminary election?

#### **I Want To Propose Preliminary Elections To Choose Party Presidents**

[Hosokawa] For example, if I were asked about how to raise the support ratings for the New Frontier Party [NFP], I would say that such a system would make a big difference. Of course, policies are important, but it is also important to instill in the minds of as many people as possible the sense of participation in politics. For example, offer one vote for 1,000 yen [Y], and let them vote for Candidate A, B, or C, and then, having the candidate so selected as a front runner, carry out election campaigns. If the party wins political power, the front runner will become the prime minister. It will be even more effective if each party conducts election campaigns by disclosing a list of its intended cabinet members. I want to create such a plan and propose it before NFP's next party convention.

[Tanaka] It must be quite difficult to reform a systemic fatigue.

#### **Reform a Systemic Fatigue by Creating a "Line of Discontinuity"**

[Hosokawa] We need to make a fresh start every 30 or 50 years. To carry out structural reform in politics, economy, education, or some social areas, I think it absolutely necessary to create a "line of discontinuity." When I was forming the Japan New Party [JNP], I thought it imperative in a sense for me to begin creating a "line of discontinuity." If you try to think along the line of continuity, you will never be able to free yourself of the past or some traditional framework; you will become deathly sick from a systemic fatigue. Therefore, in creating such a "line of discontinuity," it is absolutely necessary to make a concrete set of agenda by recognizing that the old system has completed its

historical role, and to have a strong determination to follow through with it.

[Tanaka] In relation to the systemic fatigue, what do you think of structural reform of our economic system?

[Hosokawa] In a nutshell, the current Japanese economy is in deflation. Because of falling stock and land prices, bad debts as a result of the collapse of the bubble economy have not been resolved at all. The people are talking publicly about a financial crisis, and in the meantime, the yen is strengthening. With companies moving abroad and restructuring, the deflation in assets and liabilities is spreading as deflation in wages and employment. Japan's good and old economic systems, such as the lifetime employment and seniority wage systems, are now crumbling steadily. These phenomena are not temporary. From now on to the 21st century, Japan is moving toward being an aging society with less children. The population in Japan will soon decline, and the domestic demand will become more sluggish, making the deflation increasingly a structural one. I think we are in a situation that cannot be dealt with by the commonsense approach of the past. We may have to be prepared for a "crisis scenario" in the next two to three years, such as a "worldwide financial collapse," which may seem unthinkable at present.

The number-one structural problem relates to foreign currency exchanges. As structural elements of this problem have not been dealt with, and if they remain as they are, we will soon run into a situation where the yen gets extremely strong. Of course, the structural elements of all this are the lessening of the U.S. dollar's function as key currency and Japan's propensity to create trade surpluses. Aside from what should be done in the United States, what Japan can do is to make a comprehensive review of its regulations so as to expand domestic demand and promote imports. With regard to reviewing deregulation, I myself have submitted my own detailed ideas to my party. However, unless we make efforts for comprehensive deregulation now, we will not be able to avoid international isolation, or to make the lives of our citizens truly affluent.

The second structural problem relates to bad debts. The government's basic policy in dealing with this problem of bad debts in the past has been quite unsatisfactory. The only way to restore the Japanese economy to a healthy state is to resolve the problem of bad debts completely in a short period of time by pointing out clearly where the responsibility lies for the bubble economy and its subsequent bursting, and thereby gaining public understanding. This should be the basis for using public funds. There is no other way to increase the liquidity of assets but for private institutions



and the government to take over those unsold stocks and land that have been frozen as collateral for bad debts.

The third structural problem, although I don't have much time to elaborate on this, is how to reduce unnecessary spending in fiscal investment programs. This is a difficult issue, which leads to comprehensive reform of finance and investment.

[Tanaka] Regarding education, there are various criticisms against it; for example, some people say that Japan has lost its traditional values after the end of the war. Recently, in conjunction with the Aum Supreme Truth sect, there are various opinions as to what the education for the young should be. All this seems to relate to very big issues such as how the Japanese should be, and how Japan should be as a nation. Truthfully, do you think the Japanese have lost something in the postwar period?

#### **Education Has Lost Its Equanimity**

[Hosokawa] In a nutshell, I think we have lost our equanimity. As the people do not think calmly, they are restless, living day by day and thinking only about their immediate future. If they cannot think calmly, they will never be able to become highly cultivated. Therefore, I think the basic problem lies in education.

For a while since around the time of the Edo period, the educational system in Japan was very good, I think. They didn't teach anything unnecessary. Now, however, we have excessive education, which is completely out of hand. Unless we carry out some revolutionary reform now, this situation will become unmanageable. If we continue on this path, I think we will be on the course of continuing decline. For Japan to become truly trusted and respected in the international community, I think it will be up to education.

I have some principles regarding education, and I think they can be gained by reviewing good points in the educational system established in the Edo period. First of all, today's education is suffering from indigestion, because it tries to cram in too much unnecessary information. In the educational system established in the Edo period, they didn't teach anything unnecessary. They basically taught reading, writing, and abacus [arithmetic] as well as history, geopolitics, poems, etiquette, practical ethics, and social standards; they didn't teach much more than these subjects. Education was designed to provide guidance in forming one's worldview for the future and to serve as social standards. In other words, education was to cultivate true gentlemen. Therefore, I wonder why you have to learn differential and integral calculus at school when you are not planning to become a mathematician.

Second, I think today's education is very unscientific. For example, I believe there is an imprinting period in learning a language. Language is like gymnastics, and it should be imbedded into one's brain by the age of twelve or thirteen. However, they start teaching a foreign language only at the junior high school level. Therefore, nobody can speak English even after studying it for 10 years. This kind of education is totally absurd.

Another thing I would like to add is that education must be done in a small group. I don't think teaching 200 or 300 students in a class through a microphone should be considered as education. The reason why the educational system in the Edo or Meiji period was superior is that, for example, there were reportedly 50,000 private schools in the Edo era, and only in such an environment, could teacher-student relationships be established.

Another point is that Japan's fundamental problem relates to the issue of land. There are not many good ideas about what to do with this land issue. But, roughly speaking, although land prices have finally been declining these days, land still remains as the source of all evils in the economy with the land-based standard. "Land is public property," and unless we establish a principle where everyone is required to obtain the right to use it, we will not be able to solve this problem.

[Tanaka] I would like to move on to the issue of diplomacy. Currently, there are various opinions as to reviewing the Japanese-U.S. Security Treaty. In this context, how should we find the place for Japan in Southeast Asia, and how should we examine Japan's security? I would like you to comment on this in relation to the Korean peninsula, and North Korea in particular.

#### **Our Diplomacy Should Be Focused on the United States and China**

[Hosokawa] You asked me to comment in relation to the Korean peninsula, but when we consider our country's diplomacy, the countries we must always keep in our minds are the United States and China. Although I think the Korean peninsula requires our attention in the short run, and it contains extremely destabilizing factors, China is far more of a threat, not only to Japan but also to Asia as a whole, because it is such a big country. It cannot be dealt with by Japan alone. China's history has been a history of humiliation for the past 100 years. China never had a chance to exalt nationalism. Now that its economy is growing, I can see some exaltation of nationalism in statements made by Chinese leaders on issues involving Taiwan and Hong Kong.

The growth of China, although there in fact exist problems relating to the Spratleys, requires careful



attention for both Southeast Asia and Japan in terms of the safety of commercial routes. The only way for us to deal with this is by maintaining and strengthening the Japanese-U.S. alliance. We must have learned from history about what kinds of feuds England had with France and Germany in modern history. We must think about and understand these historical lessons. When a strong nation appears on the continent, Japan has no other choice but to cooperate with such maritime powers as the United States and England in maintaining its security. (If you look back on Japan's history, this point is clearly evident—the Japanese-Anglo alliance under the threat of Imperial Russia, and the Japanese-U.S. Security Treaty under the threat of Soviet Russia.) Likewise, the leaders of such countries as Singapore and Malaysia, which do not want to be under China's influence, are also feeling strongly the need for the U.S. presence in Asia, I believe.

Also, in relation to the EAEC (East Asia Economic Caucus), for example, and aside from the issue of whether it is good or bad in an ultimate sense, I think Japan should take the initiative in holding discussions about this issue with the ASEAN (Association of Southeast Asian Nations) member countries. We need to have closer, not passive, relationships with Asian nations more than ever, both politically and economically. With the back-up support of the United States, a new balance of power in Asia will be created. Then, a friendly and cooperative relationship with China will become stabilized for the foreseeable future, I think.

EAEC is a plan for economic cooperation only among Asian nations, and has been proposed by Prime Minister Mahathir of Malaysia. The United States opposed this plan and came in conflict with Malaysia. In consideration of the U.S. stance, Japan is refraining from giving positive support to this plan.

[Tanaka] In terms of diplomacy, the Japanese tend to insist upon a choice between the two — when the Japanese-U.S. alliance is in, we become exclusively supportive of it, and when we decide to turn our attention toward Asia, we tend to have opinions that neglect the Japanese-U.S. alliance.

[Hosokawa] We tend to be swayed to one extreme or another, either to leave Asia and join Europe, or to leave Europe and join Asia. I think that is wrong. We have to maintain an equal footing.

[Tanaka] By doing so, we will be able to strengthen the Japanese-U.S. relations, I think.

[Hosokawa] Yes, I do think so, too.

[Tanaka] Back to politics at home, how should we change Japan's politics from now on? At present, the

people are talking about another restructuring of the political world, and pointing out the possibility of a merger of conservatives with conservatives. What kind of a political structure do you think is suitable for Japan's future?

### **We Will Eventually Have a Moderate Multiparty System**

[Hosokawa] What I have always said through and through for some time now is that once the political reform bill is passed, we will have a situation where two major political forces — not two major political parties — fight against each other. However, we will eventually have a moderate multiparty system. As I said earlier, unless political parties are formed clearly on their respective "principles," they have no *raison d'être*. A moderate multiparty system — I don't know whether there will be four or five parties, or even three or four parties — is a system where these political parties ally themselves into two major political forces to fight against each other in elections. As this is a political world, there will certainly be some mergers or tie-ups, depending on themes, the timing, and opportunities. Groupings among these parties do not have to be always fixed. Rather, it will be desirable if they are not stable. That is what I mean by a moderate multiparty system. If the two-party system can continue to exist, that will be fine. However, as I look at the current situation where both leading and opposition parties are thinking only of their numbers of seats, I don't think this system will last long. Therefore, rather than looking at such short-term cyclical situations as a merger of conservatives with conservatives, I have always believed that the future direction in the long run is toward a moderate multiparty system.

[Tanaka] Then, what kinds of banners will clearly separate those political forces?

[Hosokawa] They could be anything, such as ideologies, policies, political methods, and so on. But, the most important question for parties in forming a united political force is whether they will be able to share the same "political culture," I believe.

[Tanaka] You have told us your main line of thought on another restructuring of the political world. In this context, then, what kind of role are you planning to play?

[Hosokawa] I have no desire or conviction to come to the fore to wave my own banner.

[Tanaka] Isn't there strong expectation for your comeback?



[Hosokawa] I don't know about that. I am sorry to quote something strange all of a sudden, but there is an expression in Zen, that says, "A true being without any rank." It is not that one can play a role when he gets a post, but instead, if you are capable, you will do what you must do wherever you are. On the other hand, those who are not capable, or who do not want to do anything, will never accomplish anything no matter what kinds of posts they get. Therefore, what I am saying is that wherever I am, I will do whatever I need to do for Japan's future. I neither have any particular desire to wave my own banner, nor do I feel that I am the only one who can wave such a banner.

#### **Firms Sign \$20 Million Contract in Suzhou**

OW2708093495 Tokyo KYODO in English  
0806 GMT 27 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 27 KYODO — Mitsui and Co. and Mitsubishi Corp. on Sunday [27 August] signed a contract for an equity stake in a Singaporean investment company which is promoting a \$20 billion project to develop a complex of industrial, housing and commercial zones in Suzhou, Jiangsu province.

The capital participation in Singapore Suzhou Township Development (SSTD), which is capitalized at \$45 million, cost the two major trading houses \$1,125,000 each, company officials said. The contract was inked in Suzhou.

Mitsui and Mitsubishi are expected to increase the capital investment up to a combined \$10 million in the near future, they said. SSTD comprises 19 Singaporean companies and a South Korean company.

The Singapore-led project calls for constructing a new city of 600,000 on a site of 700,000 square meters in the Chinese city, west of Shanghai, in three stages over 15 to 20 years, they said.

In the first stage, in August 1994, SSTD started construction of the industrial complex, where companies from the United States, Europe, Singapore and Japan, including Pokka Corp., a major Japanese maker of soft drinks, have acquired land, the officials said.

#### **Sumitomo Awarded Kazakhstan Oil Plant Contract**

OW2608010395 Tokyo KYODO in English  
0029 GMT 26 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 26 KYODO — Major trading house Sumitomo Corp. was awarded a \$480 million order as one of the main contractors in an international consortium to build an oil refinery plant

in Kazakhstan, a business daily reported Saturday [26 August].

The NIHON KEIZAI SHIMBUN said the project will be worth about \$480 million.

The plant will have an annual refinery capacity of 3 million tons of crude oil and is expected to begin operation in the fall of 1997, the paper said.

The plant will be constructed in an oil well on the outskirts of Aktyubinsk, northwestern Kazakhstan.

All the oil refined at the plant will be exported, allowing the Kazakhstan Government to obtain foreign currencies of about \$300 million a year, the paper said.

The government is seeking financial assistance from Japan, the United States and other countries for the plant project, the paper said.

An estimated \$150 million to \$200 million are likely to be provided in loans by Japan, mainly through the Export-Import Bank of Japan, the paper said.

### **North Korea**

#### **Ulchi Focus Lens Military Exercise Denounced**

SK2808023995 Pyongyang Korean Central  
Broadcasting Network in Korean  
0854 GMT 26 Aug 95

[Unattributed talk: "A Dangerous Military Movement Aimed at Northward Invasion"]

[FBIS Translated Text] The South Korean puppets have been frantically conducting the Ulchi-Focus Lens '95 joint military exercise, a war exercise of northward invasion, with the United States.

This war exercise began on 21 August and will last for approximately two weeks. Massive forces from the U.S. Forces occupying South Korea and the puppet Armed Forces are participating in this exercise. Because of this provocative war exercise for northward aggression, the situation on the Korean peninsula has now been escalated to a grave phase.

The fact that the Kim Yong-sam ring, running counter to the nation's aspirations for peaceful reunification, has again started a war exercise against its fellow countrymen is a grave provocation and an open challenge to our sincere efforts for peaceful reunification.

The South Korean puppets once trampled the people's joint national functions celebrating the 15 August liberation with guns and bayonets and are now conducting a war exercise against their fellow countrymen with outside forces. We can never overlook this.



The Ulchi-Focus Lens '95 joint military exercise is a replay of the Team Spirit joint military exercise which were staged in South Korea for approximately 10 years. The Ulchi-Focus Lens '95 joint military exercise is also an extension of the very dangerous Team Spirit test nuclear war designed to attack the northern half of our Republic by surprise. The warmongers are openly raving about the aggressive and dangerous nature of this war exercise, saying it is designed to learn work systems and procedures for waging a war.

As disclosed, the United States mapped out a war scenario on invading our Republic long ago and has sped up the maneuvers to strengthen forces and deploy a new generation of war supplies of all sorts in South Korea. An example is that the U.S. Forces occupying South Korea have decided to hand hundreds of tanks and numerous other war supplies and tens of thousands of tonnes of ammunition, which they had stocked, over to the puppet Armed Forces. And, in the United States, how much damage the U.S. forces would suffer in the event of a Korean war has been assessed by using computers, and even such farces as the dedication ceremony for the Korean war memorial, which were intended to heighten a fever for a Korean war, have been staged. Needless to say, what the United States and the South Korean puppets seek in the Ulchi-Focus Lens '95 war exercise is to complete preparations for a war of northward invasion.

Our people are watching, with heightened vigilance, the movement of the U.S. bellicose elements who, running counter to the spirit of the DPRK-U.S. basic agreement, are conducting a joint military exercise, in place of the Team Spirit fire game, with the South Korean puppets and, thus, leading the situation on the Korean peninsula to the brink of war. They also resolutely condemn and denounce, in the name of the entire nation, the Kim Yong-sam ring, which, even while raving about building a permanent peace on the Korean peninsula and a peace mechanism, is staging a dangerous war exercise against its fellow countrymen in collusion with outside forces and intensifying the situation to its extreme.

Peace can be built not by words but only by action. If the Kim Yong-sam ring had had the slightest hope for peace in the country and the safety of the nation, it would not have dared to start a fire game with outside forces. Facts again prove that the Kim Yong-sam ring is the most vicious antireunification divisionist and war maniac opposing peace and peaceful reunification and rushing to confrontation and war.

Our people who treasure independence and dignity like their life will never tolerate the South Korean puppets'

attempt to harm us in collusion with outside forces but dole out thousandfold retaliations against the provokers.

#### **Kim Yong-sam Visit to Ulchi Focus Lens Noted**

*SK2608044295 Pyongyang KCNA in English*  
0427 GMT 26 Aug 95

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — The traitor Kim Yong-sam on Thursday showed up at a place where the joint military exercise Ulchi Focus Lens 95 was taking place and made provocative utterances that the troops should be kept in full combat readiness to cope with "any contingency" because "the North is reinforcing Armed Forces and intensifying military exercises," [according to] a radio report from Seoul.

His blast is a downright challenge to and a grave provocation against the North that loves peace.

It was motivated by a sinister intention to whittle away the people's struggle against the Kim Yong-sam group and divert their attention elsewhere, thus ridding themselves from the ruling crisis.

It was also aimed at justifying their provocative military exercise against the North by vociferating about the North's "military threat."

His utterances, however, are nothing but a shameless sophism reminding one of a thief crying "stop thief."

Military threat comes from the South, not from the North.

The traitor Kim, who was calling for "improvement of inter-Korean relations" and "the people's agreement for unification", is now changing his tune and fostering a war fever. This is enough to fully prove that what he wants is not North-South reconciliation, unity and unification but confrontation, war and division.

We are keeping a close eye on the war provocation moves and military exercises perpetrated by the "civilian" warmongers with outside forces.

Provokers are doomed to destruction.

#### **Special Service Held To Welcome Reverend An**

*SK2808104395 Pyongyang KCNA in English*  
1014 GMT 28 Aug 95

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — An extraordinary service took place in Chilgol Church here on Sunday in welcome of Rev. An Sung-un of the Evangelical Church in Yoido, Seoul, who defected to the North from South Korea some time ago.



It was attended by Rev. Kang Yong-sop who is also chairman of the Central Committee of the Korean Christian Federation and Chilgol Church pastors and laymen.

Yu Pyong-chol, resident pastor of Chilgol Church, in an address said that Rev. An Sung-un made a bold decision to defect from South Korea to North Korea at the end of his long-drawn agony and carried it into practice and this, he thinks, is a righteous act of such a true Christian as Apostle Paul who said that even if he parted from Christ for the sake of the fellow countrymen of the same blood, he would have nothing to regret at all.

Herds of Satan in South Korea are not only obstructing national reconciliation and unity but also ruthlessly putting down the freedom of religion, he said, adding:

"Rev. An Sung-un's defection to the North was aimed at ridding himself of the crooked tentacles of the "Agency for National Security Planning [ANSP]."

He hoped that Rev. An will enjoy the freedom of religion to his heart's content and (?devotedly) work for national reunification in the northern half of Korea, an anthropocentric society where the people love each other and live in a large harmonious family.

In his reply Rev. An Sung-un said that brief as it is since his defection to the North, he toured different places in Pyongyang and witnessed the worthwhile life of the people and saw facilities for the wellbeing of the people which have been built so fine that the will of heaven is being carried into reality with credit.

"The God exalted me from the crooked tentacles of the "Agency for National Security Planning" of South Korea and sent me to North Korea," he said, and exposed what crooked tentacles the "ANSP" stretched out to him when he was engaged in a missionary work in China.

He went on to say that Chilgol Church was, indeed, a blessed church and that during the Japanese imperialists' colonial rule the laymen of the church so earnestly prayed the great President Kim Il-song to defeat the Japanese imperialists and liberate the country that their hope has been realised and such a state and socialism as they are, have been built in this land.

"Any foe, devil, a herd of Satan, can not dare undermine North Korea, a society for the wellbeing of the people," he stressed.

"All of us should make efforts for national reunification so that we may proudly reply to President Kim Il-song if he come again to this land and ask what we have done," he said.

He added that the wish of the 70 million fellow countrymen is national reunification, and that Koreans of the same blood should love each other and get united so as to achieve peaceful reunification.

At the end of the service those present sang the song "Our Wish Is Reunification" and prayed for the reunification of the country.

#### **Daily Denounces 'False Article' in South**

*SK2808101695 Pyongyang KCNA in English  
1003 GMT 28 Aug 95*

["ANSP's Anti-North Press Fabrication Disclosed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — NODONG SINMUN today discloses the falsity of "Account of the North Korean Trip Incognito", carried by news media in South Korea early this year, as well as the true colors of Yi Chan-sam, chief of CHUNGANG ILBO's editorial board for Chicago, who wrote this false article.

In a signed commentary the daily says:

Yi Chan-sam carried slandering articles which are full of false reports about the fellow countrymen in the North, in his newspaper on several occasions from the 1980s.

This year he wrote another false article "Account of the North Korean Trip Incognito", even though he failed to visit the North. As a result, he revealed himself as a pressman-turned swindler and an agent of the "Agency for National Security Planning" (ANSP).

He would disguise himself as a "businessman", changing his full name and didn't hesitate even to couple with an unidentified prostitute for an insidious purpose.

In 1988 he travelled different places in the disguise of "tourist" on the directives of ANSP and, when he was coming back to Seoul, was received by four agents of ANSP at Kimpo Airport. In August, 1990 when he was leaving Seoul he was taken into custody at the customs office because he was carrying a great deal of dollars. But he was released by a resident official of ANSP. It is an open secret that ANSP additionally remitted 6,000 dollars to him in return for his "positive activities" during his stay at the destination.

Many publications and radios of South Korea are now carrying articles one after another which lay bare the background of the fabricated "Account of the North Korean Trip Incognito" and disclose his dirty colors.

SINDONG-A and WOLGAN CHOSUN, carrying an interview with Yi Chan-sam, said that he asked them to



keep in top secret his confession that he was supplied with anti-communist slandering data by ANSP.

Pressman-veiled Yi, who has been engaged in creating discord and antagonism among the fellow countrymen and putting a spoke in the wheel of national reconciliation and unity, is a traitor going against the desire of the nation, and the scum of the nation.

The notorious ANSP, the headquarters of the anti-communist smear campaign and the fascist repression, must be dismantled without delay for trust between the North and the South and for great national unity. And the Kim Yong-sam traitorous clique must be removed, who seek a way out in doing harm to and abusing the fellow countrymen, positively backing the plot-breeding secret service and regarding it as means of rule.

#### **Daily Terms Account 'Trash'**

*SK2608105495 Pyongyang KCNA in English  
1029 GMT 26 Aug 95*

["A Gimlet in the Pocket Shows Itself" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — Yi Chan-sam, chief of the South Korean paper CHUNGANG ILBO's editorial board for Chicago, the U.S., announced what he called "account of the North Korean trip incognito" on the screen of the South Korean "K.B.S." television in January last. His true colors and the falsity of such trash have recently been brought to light by the press of South Korea.

MINJU CHOSON today in a signed commentary says:

The trash is his fabrication made under the instructions of the "Agency for National Security Planning." [ANSP]

In this the ruffian dwelt at length on groundless materials geared to slander North Korea and distort its realities, most of them the worn-out used by the "ANSP" through the mouths of anti-communist elements and defectors to South Korea from North Korea.

His true colors as a secret agent hired by the puppet "ANSP" was brought into a glaring light with the disclosure of the facts that while posing himself as a pastor he informed an agent of the agency of the confession of a religionist a few years ago and that he met and received instructions and money from the chief of the puppet "ANSP" branch in Chicago at regular intervals.

His true colors was also confirmed by the fact that when answering questions put by South Korean reporters he asked them not to make public his relations with an "intelligence agency."

Yi Chan-sam has been engaged in vicious slanders against the northern half of Korea under the instructions of the puppet "ANSP." This more clearly shows that with the "ANSP", an anti-communist plot-breeding machine, left intact in South Korea it is impossible to build confidence between the North and South, achieve great national unity and, furthermore, reunify the country.

If confidence between the North and South is to be built and national reunification be achieved, the "ANSP" should be blown out.

At the same time, the Kim Yong-sam group should be removed from power immediately, a group that is hell bent on a campaign to do harm to the fellow countrymen by using the fascist plot-breeding machine for the maintenance of its rule. This is a serious conclusion drawn by all the fellow countrymen from mucky acts of Yi Chan-sam.

#### **KCNA Views Reporter's Trip**

*SK2608152095 Pyongyang KCNA in English  
1510 GMT 26 Aug 95*

["Anti-North Smear Campaign by 'ANSP'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — It has been disclosed in South Korea that an article written by Yi Chan-sam, chief of CHUNGANG ILBO's editorial board for Chicago, the United States, misrepresenting the situation of the northern half of Korea, was a fabrication by the "Agency for National Security Planning." [ANSP] In this connection, the magazine KIL, leading monthlies SINDONG-A and WOLGAN CHOSUN, HANGYORE SHINMUN and many other publications have carried articles laying bare his nature.

The editorial boards of WOLGAN CHOSUN and SINDONG-A sent their journalists to Beijing, Yanji and other areas of China to meet Koreans in China who had relations with Yi Chan-sam. With what their journalists covered, they proved that Yi's "account of the North Korean trip incognito" is based on lies.

With it becoming a big problem, the association of pressmen of South Korea, which awarded "Korean press prize 95" to Yi in February for his serialized article, formed a fact-finding committee and threatened to cancel the prize if the article is proved to be false.

The U.S., Japan and other Western countries' media have found themselves in an awkward position after they introduced his article.



The chief of the South Korean branch of the Japanese ASAHI SHIMBUN said he would go to China as soon as possible and meet those involved in Yi's article to prove whether it is true or not. The U.S. TIMES said it would formally bring forth a counterargument to CHUNGANG ILBO. "We are well aware of what misfortune fabrications cause."

The "Korean Broadcasting System", which broadcast an interview with Yi Chan-sam, held that as there have been suspicions, CHUNGANG ILBO must make clear the truth.

All the facts clearly show that Yi Chan-sam is an agent of the "ANSP" and his article is a mean and malicious fabrication against the North by the "ANSP".

#### **Daily Criticizes DLP Shake-Up in South**

*SK2708083695 Pyongyang KCNA in English  
0822 GMT 27 Aug 95*

["NODONG SINMUN on DLP Shake-Up" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 27 (KCNA) — The traitor Kim Yong-sam recently appointed Kim Yun-hwan, "secretary-general of the Democratic Liberal Party," [DLP] as "chairman" of the ruling party and replaced other party office-holders including "director of the General Affairs Department" and "chairman of the Policy Committee" with his hirelings more loyal to him.

NODONG SINMUN today says the reshuffle resulted in tightened political tieup with military dictatorship remnants of the "Fifth and Sixth Republics" and it was motivated by Kim Yong-sam group's attempt to spend the latter period of the term of its office without difficulties.

The analyst further says:

The Kim Yong-sam group has talked noisily about "reform" and "changes" in South Korea for two and half a year of its assumption of office. But, the society is on the verge of bankruptcy, which is more catastrophic than during the preceding military dictatorships, and the people turn their back on the decadent politics.

The traitor Kim Yong-sam knows well that it is clear as noonday that he will be defeated in the "National Assembly elections" slated for 1996 because he is forsaken and rejected by the people and rift is going on within the ruling quarters. So, he feels deeply alarmed for this.

That is why Kim Yong-sam is trying to tighten the ties with the forces of the "Fifth and Sixth Republics" so as to build up the foundation of his rule, and to maintain the

power by means of fascist suppression and appeasement and deception of the people.

The shake-up cannot be a solution to the maintenance of power.

Though the puppet traitor resorts to such tricks as the recent reshuffle, he cannot extricate the traitorous "regime" and "DLP" from ruin.

#### **Foreign Groups Urge Release of Pak Yong-kil**

*SK2608151695 Pyongyang KCNA in English  
1504 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — The Tanzania-Democratic People's Republic of Korea Friendship Association released a statement on August 11 accusing the South Korean authorities of imprisoning Pak Yong-kil who went back to Seoul after visiting Pyongyang.

Branding the South Korean authorities' arrest of the old woman on the charge of the violation of the "National Security Law" as an unpardonable act, it urged them to unconditionally release her.

It said her visit to the DPRK to honor the memory of the great leader President Kim Il-song has inspired the Korean people and the world's people in their struggle for Korea's reunification.

It called on the international community to pressure the South Korean "Government" to set her free.

Some forty Japanese people including Rev. Ai Kuroki of the Japanese Christian Association and a writer Ayako Miura sent a letter to the traitor Kim Yong-sam of South Korea in the joint name on August 14 urging him to release her at once.

The letter said her visit can never be considered a crime from the political and moral point of view and in the light of the universal principle of humankind.

#### **KCNA Interviews NDFSK Leader**

*SK2608104395 Pyongyang KCNA in English  
1022 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — Yi Chong-sang, chief of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK), had an interview with KCNA Friday on the occasion of the 26th birthday of NDFSK.

He said:

"The foundation of the Revolutionary Party for Reunification [RPR], the predecessor of the NDFSK, 26 years ago was a historical event heralding a great victory of



the idea and theory on the Chuche Revolutionary Party building elucidated by the great leader Comrade Kim Il-song. It was also an epochal event which laid a fresh milestone of the movement for transforming the South Korean society under the banner of chuche.

"With the foundation of RPR, a Chuche-based Revolutionary Party guided by the immortal chuche idea, the people in South Korea, who used to groan under subordination and absence of rights, have come to prepare the guiding forces defending and fighting for their genuine interests and dynamically advance towards victory in high spirit, holding the correct practical steering wheel of ideology and theory.

"We are now struggling with confidence in sure victory because there is the great leader Comrade Kim Chong-il, the genius of idea and theory, savior of the nation's destiny and the lodestar of national reunification, and the banner of the invincible chuche idea indicates a bright road of struggle.

"Respected General Kim Chong-il, who has fully personified the idea, traits of leadership and noble virtues of the great leader Comrade Kim Il-song on the highest level and is devoting his all to the accomplishment of the revolutionary cause of chuche started on Mt. Paektu, is the destiny and life of the people in the South and a symbol of victory.

"Indeed, his teachings are a compass of the anti-U.S., anti-dictatorship, national salvation struggle for independence, democracy and reunification, an encouraging weapon and the banner of sure victory.

"We vanguards who struggle holding the great leader Comrade Kim Chong-il in high esteem as a peerless, great man and as the brilliant sun of the nation, will firmly build up the NDFSK to be a chuche-based mass vanguard."

#### **Sampoong Victim Group Holds Demonstration**

*SK2608104295 Pyongyang KCNA in English*  
*1015 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — Some 300 members of the measure committee for the victims of the collapse of the Sampoong Department Store building in Seoul, South Korea, held a demonstration in demand of a prompt solution to the question of compensations for the victims on August 23.

The demonstrators strongly demanded that the government pay compensations for the victims and regard missing persons as the dead and compensate them.

#### **KCNA Views Accidents in South**

*SK2608054395 Pyongyang KCNA in English*  
*0455 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — A railway bridge in Koesan County, North Chungchong Province, South Korea, was collapsed Friday [25 August], with the result that a passenger train got derailed and eight of its cars were overturned, leaving a hundred passengers dead or injured, according to a radio report from Seoul.

The disaster is an inevitable product of the Kim Yong-sam group's anti-social rule.

Various kinds of accidents have occurred one after another in South Korea where fascism holds sway and disorder prevails.

Entering this year, there have been such large disasters as the gas explosion in Taegu, the collapse of the Sampoong Department Store in Seoul, the sinking of a supertanker and fires, leaving South Korea as the "worst region of accidents in the world" and "a region of horrible disasters."

The South Korean people will surely make the "civilian" rulers pay dearly for their crimes.

#### **Kim Yong-sam Interview With Paper Viewed**

*SK2508133595 Pyongyang Korean Central*  
*Broadcasting Network in Korean*  
*0755 GMT 24 Aug 95*

[Unattributed talk: "Traitor Kim Yong-sam Is a Top-Class Nation-Selling Flunkeyist"]

[FBIS Translated Text] The puppet traitor Kim Yong-sam's nation-selling flunkeyist nature is being further exposed with each passing day.

As was already reported, in a recent interview with the Japanese newspaper, ASAHI SHIMBUN, Kim Yong-sam said he hopes that Japan will not push ahead with Japan-North Korea relations at the sacrifice of ROK-Japan relations, and stressed that Japan and South Korea should closely keep step with each other.

Earlier, in a meeting with the Japanese foreign minister, the puppet foreign minister raved that they reached an agreement on mutual cooperation in establishing forward-looking relations.

Their acts and remarks reveal a contemptible scheme of the South Korean puppets to continually maintain the cooperative system with Japan against the DPRK in return for Japan's confirmation of the humiliating South Korea-Japan Treaty, being fretful for the improvement



of DPRK-Japan relations. At the same time, they reflect Japan's ugly intention to maintain intact the brigandish South Korea-Japan Treaty and to nullify its past crime of aggression by joining in the puppets' anti-DPRK hostile policy.

When he was the president of an opposition party, the traitor Kim Yong-sam spit out a fiery speech in front of the masses, claiming that Pak Chong-hui and Kim Chong-pil, who concluded this agreement, are national traitors far surpassing the five Ulsa traitors [who participated in concluding Japan-Korea Protectorate Treaty in 1905]. Today, however, while talking about the so-called future-oriented relations between South Korea and Japan, he is attempting to reaffirm the South Korea-Japan Treaty and to cover up even the issue of comfort girls who were forcibly taken to the Japanese Army, which is a cruel barbarous crime of the Japanese imperialists. This shows that the traitor Kim Yong-sam is the top-class nation-selling flunkeyist who would commit anything unhesitatingly to harm fellow countrymen.

The nation-selling flunkeyist act of the puppet traitor Kim Yong-sam was also exposed during his junket to the United States some time ago. As soon as the rascal arrived in the United States, he asked that the Korean residents there become excellent Americans. Furthermore, at a joint session of the U.S. Senate and the Congress, he said that visiting the United States, he felt like he came to his native home. He made a big bow, stating that he expresses gratitude to the United States for protecting South Korea for the past half century.

How contemptible and ugly the disgusting human trash's act and remark are!

During the talks with the U.S. President, the traitor Kim Yong-sam asked that a high-level consultative body for joint strategy against North Korea, in addition to the existing security system, be organized. He also asked the people, who do not have even a drop of blood of our nation, to support South Korea so that it can play the leading role in issues pertaining to North-South relations, thus acting disgracefully.

This showed that the conspiracy between the master and his stooge was a great bargaining between the master who is scheming to continue keeping the U.S. troops in South Korea and grasping South Korea as a colony and military base, and the colonial puppet who is attempting to maintain his political life at the cost of selling the interest of the nation and state.

From the early days of his power, Kim Yong-sam — the puppet traitor who is filled with the nation-selling treacherous nature — asked the United States to withhold a phased reduction of the U.S. forces and

to remain in South Korea forever. For the permanent occupation of South Korea by the U.S. troops, he unhesitatingly offered several billions of dollars each year to his masters.

He pushed all facilities in South Korea including port facilities into the hands of the U.S. imperialist aggressor forces, and offered all of skies, lands and seas as the stages of war exercises by the U.S. forces.

Moreover, the puppet traitor Kim Yong-sam reduced South Korea into a disposal site of surplus commodities of foreign monopolistic capitalists. By putting out signboards of the so-called internationalization, globalization and so forth, the puppet traitor Kim Yong-sam fully opened door for the outside forces in all fields of social life, including political, economic and cultural areas. As a result, the foreign monopolistic capitals, corrupt foreign culture and doomsday-like lifestyle are flooding into South Korea.

A South Korean publication wrote that since the traitor Kim Yong-sam opened the rice market, the South Korean agriculture was destroyed and is no longer able to play the function of producing rice. Furthermore, at least 2 and 3 million more farmers will leave their farms, thus accelerating the desolation of farms. This is no accident at all.

Because the traitor Kim Yong-sam and traitorous faction remain in power, South Korea has been dominated by outside forces and its unique national character has been erased. As a result, the people have been suffering immeasurable calamities and North-South confrontation has been further deepened.

This being the situation, the South Korean people rose in the struggle to overthrow the nation-selling traitors, who are driving the people into a danger of disaster, and to recover the nation's sovereignty that has been trampled underfoot.

If the traitor Kim Yong-sam and his treacherous faction continue advancing along the road of nation-selling and treachery by challenging the trend of the times and the nation's aspiration, they will not be able to avoid stern judgment by history, the nation and 70 million fellow countrymen.



**Japan To Target North for Overseas Growth**

*SK2508114495 Pyongyang Korean Central  
Broadcasting Network in Korean  
0855 GMT 25 Aug 95*

[Unattributed talk: "The Maneuver To Justify Overseas Expansion and the Policy To Become a Military Power"]

[FBIS Translated Text] The Japanese reactionaries are continuing taking issue with our Republic. According to reports, high-ranking figures of the Japanese political circles raved that when DPRK-Japan talks resume in the future, the suspicion over North Korea's nuclear weapons development should be the focus of issues, and that the resolution of our nuclear issue will lead to the resumption of North-South dialogue and DPRK-Japan talks. Meanwhile, they also raved that our nuclear development and missiles pose a threat to their national security. This is a mere sophism to conceal and justify their overseas expansion and policy to become a military power, reversing white into black.

Everyone knows that our nuclear policy has always been peace-oriented and transparent. To guarantee the world's peace and security is the doctrine of our Republic's foreign relations policy. Based on the framework, we have only used nuclear resources for peaceful purposes. The entire world recognizes this. The graphite-moderated reactor that Japan is taking issue with has been completely frozen. Our country and the United States adopted and announced the DPRK-U.S. agreed framework on 21 October 1994 for a total resolution of the nuclear issue of the Korean peninsula. DPRK-U.S. talks held in Malaysia from 19 May to 12 June also reached an agreement on the details of the implementation. Currently, the agreement is in the stage of implementation. Not long ago, a U.S.-led Korean Peninsula Energy Development Organization delegation inspected the site of the light-water reactor atomic power plant to be built in our country. The project to replace our graphite-moderated reactor and related facilities with light-water reactor power plants is being carried out as agreed by the DPRK and the United States.

Nevertheless, Japan is misbehaving itself by poking its nose into the project that is suspicion-free and adhering to its theory on the suspicion over nuclear weapons development. This is indeed a grave challenge against us. Japan's high-ranking politicians babble about the suspicion over our nuclear weapons development because they are troubled by their guilty conscience like a thief feels a cramp in his foot. Japan is racketing about the suspicion over our nuclear development to conceal

and justify in front of the world its scheme to become a military power and seek nuclear armament.

Many countries in the world are concerned about the fact that the Japanese Government keeps increasing its military budget and fevering for the reinforcement of the Self-Defense Force. It is no longer a secret that Japan has lifted the 1-percent ceiling for military budget, which it had perfunctorily advocated as the symbol of peace, and has reinforced armaments, spending the second largest sum of military budget in the world. Today, Japan's military strength is proudly standing shoulder to shoulder with the world's military powers.

Foreign media have reported that Japan will equip its armed forces with mid-to-long-range missiles, large aircraft, and carriers in the near future. Then, Japan will indisputably be able to independently fight any war. Moreover, Japan continues to produce, import, and store an enormous amount of plutonium for nuclear weapons. It is a matter of time for Japan to realize its scheme for nuclear armament and become a nuclear power. Japan needs a card called the suspicion over our nuclear development to conceal its scheme for becoming a military power and increasing nuclear armament.

Japan apparently plans to achieve overseas expansion by such armed forces and chose our Republic as the first target. This is proven by the fact that Japan's bellicose circles raved that they will not just sit back and watch any emergency on the Korean peninsula. The Japanese reactionaries should not miscalculate. No matter how Japan tries to find fault with us, nobody will believe it. Truth always remains truth. The dirty acts of ranking Japanese figures, who make it a habit to find fault with others, will only stain their own faces.

**Kim Chong-il Thanks Visiting Chongnyon Students**  
*SK2808102495 Pyongyang KCNA in English  
1006 GMT 28 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — The great leader Marshal Kim Chong-il sent thanks to the members of the home-visiting group of students of Korean University under the General Association of Korean Residents in Japan (Chongnyon) led by Pak Chong-sun for their assistance to the construction of the monument to party foundation. The students greatly encouraged the builders with their vigorous political agitation, tree planting and material assistance, working in the construction site of the monument to party foundation which is being built as a monument of era demonstrating the invincible might of the Workers' Party of Korea and powerfully inspiring humankind to the accomplishment of the cause of independence.



**Vice President Sees Off Chongnyon Chairman***SK2608105995 Pyongyang KCNA in English  
1033 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), left here today concluding his visit to the socialist homeland.

The chairman was seen off at the airport by Vice-president Pak Song-chol and officials concerned.

Before his departure, he visited the Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state, to make a bow.

**Japanese Fleet's Visit to South Viewed***SK2608103395 Pyongyang KCNA in English  
1010 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — A training fleet of the Japanese "Self-Defence Forces" with "Kashima" as a flagship is scheduled to visit South Korea in April next year, the Japanese SANKEI SHIMBUN August 24 said. The Japanese reactionaries are advertising that the visit will be a "return visit" for the visit of the South Korean puppets' Naval Fleet to Japan last December. But, underlying it is an insidious scheme to legalize the dispatch of their fleet to South Korea and stretch deep a tentacle of reinvasion by making further undisguised the military penetration into South Korea.

What can not be overlooked is the anti-national criminal behaviour of the Kim Yong-sam group that is opening the road of reinvasion to the Japanese reactionaries brandishing a blood-stained sword for overseas aggression.

Although the South Korean puppets are manoeuvring to provoke us by further enhancing the military tieup with the Japanese reactionaries, it goes no more than a foolish dream.

The Japanese reactionaries should not run amuck, clearly knowing that the military tieup with the South Korean puppets just means the precipitation of their destruction.

The Kim Yong-sam group must stop, at once, the treacherous act to do harm to the fellow countrymen in collusion with outside forces.

**Japanese Visitors Lay Basket at Statue***SK2608051095 Pyongyang KCNA in English  
0423 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — The delegation of the Japan Society for the

Study of Kim Chong-il's works led by Shikeru Ueki [spelling of name as received], secretary general of the Tokyo Working People's Society for the Study of Kim Chong-il's works called at the statue of the great leader President Kim Il-song on Mansu Hill on August 24.

With feelings of boundless reverence for the great leader, the guests laid a floral basket before the statue and made a bow.

**Japan-Korea Students Society Inaugurated***SK2608103295 Pyongyang KCNA in English  
1013 GMT 26 Aug 95*

[FBIS Transcribed Text] Tokyo, August 24 [date as received] (KNS-KCNA) — A meeting for inaugurating the Japan-Korea Students Society, an organisation for solidarity between Korean and Japanese students in Japanese universities and colleges was held recently in Tokyo, Japan. It aims at strengthening the exchange of opinions and culture for the friendly relations between them.

At the meeting the action program of the society was published. According to it, the society will arrange meetings of Korean and Japanese students for academic and cultural exchange more than once in a month and sponsor various events to promote friendly relations between them.

It will organise a Korean language course regularly, increase the membership of the society for its development and establish its branches in universities and regions.

The society will wage an active campaign if any important event occurs between the two countries and promote friendship and exchange with the DPRK students.

**Light Music Ensemble Premieres in Tianjin***SK2708082095 Pyongyang KCNA in English  
0804 GMT 27 Aug 95*

[FBIS Transcribed Text] Beijing, August 26 [dateline as received] (KCNA) — The Pyongyang Wangjaesan light music ensemble now on a visit to China gave a premiere at the Tianjin City Grand Theatre on August 24.

The performance was seen by Gao Dezhan, secretary of the Tianjin City Committee of the Communist Party of China, officials concerned and people from all walks of life.

Korean Ambassador to China Chu Chang-chun was also on hand.

The performance began with light music of the prelude "My Country Is the Best". Its colorful programs



included solos, duets, solos with pangchang (off-stage song) and dances, which were loudly applauded by the audience.

The woman solo "Pearly of Thunder of Chongil Peak" sung by merited singer Yom Chong was particularly acclaimed by the audience. She skilfully sang the song which represents the steadfast faith and will of the Korean people with which they will register victory without fail because they have another great brilliant commander.

Women soloists Yom Chong and O Chong-yun wonderfully sang the Chinese songs "My Beloved Hometown" and "Sea Is my Native Place" in Chinese to be applauded by the audience.

The performance ended with an instrumental music and song "Korea- China Friendship Will Be Everlasting".

Prior to the performance, the secretary of the Tianjin city party committee met with leading members and stars of the ensemble.

The performance was also given on August 25, amid great acclamation of the citizens.

Whenever each item ended, the audience congratulated the performers on their successful performance with stormy applause.

#### **KPA Navy Delegation Returns From Indonesia**

SK2708022195 *Pyongyang Korean Central Broadcasting Network in Korean*  
1300 GMT 22 Aug 95

[FBIS Translated Text] A delegation of the Navy of the Korean People's Army [KPA] led by KPA General Kim Il-chol returned home on 21 August by plane. The delegation had participated in the 1995 Navigation Event which was held in Indonesia.

The delegation was welcomed at the airport by KPA Lieutenant General Kim Ki-hak, the Indonesian ambassador to our country, and the military attache at the PRC Embassy.

#### **Indonesian Officials Visit Children's Camp**

SK2808052895 *Pyongyang KCNA in English*  
0424 GMT 28 Aug 95

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — Indonesian Ambassador to Korea Zulkarnain Afri Pane and embassy officials visited the Songdowon International Children's Union Camp on August 26 on the occasion of the 50th anniversary of the independence of Indonesia.

The camp is situated in Wonsan, a port city of culture and recreation on the east coast of Korea.

The guests were briefed on the development of the camp before going round with keen interest the modernly-equipped camping houses and educational facilities.

After visiting the camp, the ambassador wrote in a visitor's book that he was deeply moved by the fact that the great leader His Excellency Kim Chong-il made sure that the camp was built fine and gave on-the-spot guidance to it.

The camp has been arranged so fine that children of Korea and foreign countries as well may spend pleasant days. He added.

The guests took a rest on Lake Sijung, a recreation ground on the east coast.

#### **Sri Lankan Group Leader Praises Kim Il-song**

SK2608102195 *Pyongyang KCNA in English*  
1006 GMT 26 Aug 95

["Comrade Kim Il-song Was Great Revolutionary of 20th Century" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — Comrade Kim Il-song was a gifted thinker and theoretician, a great teacher and a great revolutionary who had led the revolutionary struggle of the people in the 20th century, era of independence, said W. A. Dumiduwardane [name as received], secretary general of the Sri Lanka-People's Korea Friendship Association, in an interview with KCNA held here.

"Comrade Kim Il-song set on the road of revolution in his early years and brought a bright morning of Korea, opening up a new history of chuche Korea famous in the world," he said, and continued:

"With the steering wheel of chuche in hand, he showed brightly the road ahead of mankind aspiring after a new world of independence.

"He regarded 'believing in the people as in heaven' as his motto in his whole life and devoted his all for the people, always finding himself among the people.

"With outstanding and experienced leadership, he turned Korea, once an ages-old backward and poor country, into a powerful socialist state of independence, self-sustenance and self-reliance in defence.

"His passing away is a great loss not only to the Korean people but also to the progressive mankind.

"The Korean people are dynamically progressing rallied more firmly around Comrade Kim Chong-il, with Comrade Kim Il-song held in high esteem as the eternal sun of chuche.



"Comrade Kim Chong-il helped Comrade Kim Il-song with his work for a long time, leading the Korean revolution in the van.

"What a fortune it is to have Comrade Kim Chong-il who holds in hand the steering wheel of the present era in which the struggle for re-building of socialism has come up urgently for world's revolutionaries. We consider it to be a fortune."

"The Korean nation can no longer live with the tragedy of division," he said, adding, "Korea's reunification desired so ardently by the great leader Comrade Kim Il-song will be realized, without fail, under the leadership of the great leader Comrade Kim Chong-il."

#### **Peru-DPRK Institute Marks Anniversary**

*SK2608102095 Pyongyang KCNA in English  
1000 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — A friendship meeting to mark the 25th anniversary of the Peru-Korea Institute of Culture and Friendship was held in Lima on August 18.

Addressing the meeting, President of the National Executive Committee of the Left Revolutionary Union of Peru, Angel Castro Lavarello, who is chairman of the institute, elaborated on the great success the institute has made in the past 25 years in the work to widely introduce and propagandize the immortal feats of the great leader Generalissimo Kim Il-song and the great leader Marshal Kim Chong-il and to develop the friendly relations between the two peoples.

"Because the great leader Comrade Kim Chong-il is standing in the van of the Workers' Party of Korea, the Democratic People's Republic of Korea and the Korean People's Army, the building of Korean-style socialism and the cause of national reunification will emerge victorious without fail," he said, adding:

"We fully support the three principles of national reunification and the 10-point programme of the great unity of the whole nation and strongly demand that the United States implement with sincerity the DPRK-U.S. framework agreement and accept at an early date the DPRK's proposal for replacing the armistice mechanism with a new peace one." Congratulatory speeches were made at the meeting. A letter to Comrade Kim Chong-il was adopted there.

#### **Kim Chong-il Sends Gifts to Flood Victims**

*SK2608104595 Pyongyang KCNA in English  
1032 GMT 26 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 26 (KCNA) — The great leader Comrade Kim Chong-il

sent gifts including quality clothes and bedclothes to the flood sufferers in Sinuiju, North Pyongan Province.

When populated islets on River Amnok and some areas of Sinuiju and Uiju County were hit by a cataclysm recently, he ordered the three services of the Korean People's Army to take the inhabitants to safe places and stabilize their life.

Thanks to such state measures, all of them were saved from the flood and are now living without being inconvenienced.

At the gifts-conveying meetings, the speakers said the inhabitants' survival is another legend of great human love produced by the benevolent politics of respected General Kim Chong-il, who has devoted everything to the people with "believing in the people as in heaven" as his lifelong motto.

They vowed to dedicate all their wisdom and energy to making their country, their homeland more prosperous, remaining faithful to his leadership with absolute worship for him.

#### **Kim Chong-il Sends Gifts to Flood Victims**

*SK2608233795 Pyongyang Korean Central  
Broadcasting Network in Korean  
2100 GMT 26 Aug 95*

[FBIS Translated Text] Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, sent gifts to flood victims in the Sinuiju area.

When the islets on the Amnok River and some areas of Sinuiju and Uiju County were recently hit by unprecedented torrential rainfalls, the comrade supreme commander ordered the Army, Navy, and Air Force of the Korean People's Army to evacuate the people to safe areas and provided security to them. This time, the comrade supreme commander bestowed great solicitude by sending high-quality clothes and bedclothes to all the flood victims in these flooded areas.

Thanks to the respected and beloved general's warm solicitude, all the people here were safely saved from the danger of a flood.

Upon hearing this touching news at a time when they were waging struggles to restore the damage, the people here shouted "hurrah, the great general!" and cried.

Meetings were held on the spot to deliver the gifts sent by the great leader [yongdoja] Comrade Kim Chong-il.

Participating in the meetings were responsible functionaries of the party, the power organs, administrative and economic organs, and working organizations, as well as working people of the relevant units.



In the meetings, the gifts sent by the great leader Comrade Kim Chong-il were delivered to flood victims after the gift-conveying speech.

The discussions of resolution followed. The speakers said that not only can they not forget his benevolence of having saved those who were hovering between life and death from the unprecedented flooding of the Amnok River, but they do not know how to express their thanks to the great leader Comrade Kim Chong-il who gave valuable gifts permeated with fatherly love. In the course of overcoming the flood, they said they once again felt how wide and warm the respected and beloved General Kim Chong-il's bosom is.

The speakers said that upon receiving the reports on the actual conditions in some areas of Sinuiju and Uiju County, the respected and beloved general stated that no casualty should occur and ordered the emergency mobilization of the units of the three services of the Korean People's Army, thus saving all the residents who were hovering between life and death by carrying out rescue operations.

They said this is another legend of great human love blooming through the benevolent politics of the great leader Comrade Kim Chong-il, who has devoted everything to the people, with "believing in the people as in heaven" as his lifelong motto.

Pointing out various state measures taken by the respected and beloved general to stabilize the people's life, the speakers stressed that these measures can only bloom under the popular masses-centered socialist system of our own style which values the people most. Saying that the respected and beloved general is truly a benefactor who saved our lives and protects our destiny; and the eternal sun who radiates happiness and turns misfortunes into a blessing, the speakers said they render the greatest honor and the warmest thanks to the great leader Comrade Kim Chong-il.

They said they will always cherish deep in their hearts today's glory and happiness and they will dedicate all their wisdom and energy to making their country, their homeland, more prosperous, remaining faithful to the respected and beloved general's leadership with absolute worship for him.

The speakers stressed that they will actively struggle to further increase agricultural production by upholding the fatherly leader's behests and the party's revolutionary economic strategy, and will clear away the traces of this natural disaster in a short period by displaying the revolutionary spirit of self-reliance and fortitude.

In the meetings a letter to Comrade Kim Chong-il, the great leader of our party and people, was adopted.

#### **Kim Chong-il Sends Thanks to KPA Units**

*SK2708081595 Pyongyang KCNA in English*  
*0800 GMT 27 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 27 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officer of Yi Kwang-chong Unit of the Korean People's Army [KPA] Kim Kwang-il and his wife, officer of Kim Chang-chol Unit Tong Myong-sok and his wife, officer of Kim Si-hwan Unit Kim Yong-chun and his wife and other KPA officers and their wives who gave full play to fine communist traits.

Comrade Kim Chong-il also sent thanks to officers of the Panmun County Security Department in Kaesong, the Choe Sang-pok Security Department and the Haeju City Security Department in South Hwanghae Province who did good things for the people and to Kim Pong-to, officer of the Sijung County Security Department in Chagang Province who displayed fine communist traits.

#### **Editorial Urges Youth To Show Loyalty to Party**

*SK2808050495 Pyongyang KCNA in English*  
*0445 GMT 28 Aug 95*

["NODONG SINMUN Calls on Youths To Be Intensely Loyal to Party" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — All our youths must creditably discharge their mission and duty as reliable heirs to the revolutionary cause of *chuche* by fully preparing themselves to be young vanguards unfailingly loyal to the Workers' Party of Korea (WPK) and the leader under the leadership of the great leader Comrade Kim Chong-il, says NODONG SINMUN today in an editorial marking youth day.

The paper quotes Comrade Kim Chong-il as saying:

"Our young men and women have waged an arduous yet worthwhile struggle in enthusiastic support of the leadership of the party and the leader. In the course of this, they have rendered immortal service that will be remembered long in the history of our country."

In the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song, deeply aware of the significance and importance of the youth work in the revolutionary movement, formed the Young Communist League of Korea on August 28, 1927, to mark an occasion of a signal turn in the development of the Korean youth movement.

Referring to the brilliant history of the Korean youth movement, which has covered a course of victory and glory under the leadership of the party and the leader, the editorial says:



The Korean communist youth movement has entered a higher stage under the leadership of respected Comrade Kim Chong-il.

Since the fatherly leader Comrade Kim Il-song passed away, our young men and women have devotedly worked to make their country, their homeland more prosperous, rallied around the great party more closely.

The editorial further says:

The great advance which has been made in the development of the youth movement in our country is unthinkable apart from the energetic leadership of Comrade Kim Chong-il.

He has made clear the characteristics, mission and duty of our youth movement in keeping with the demand of the modelling of the whole society on the *chuche* idea and energetically guided the Korean communist youth movement to develop as a movement of loyal subjects successfully carrying the *chuche* revolutionary cause to completion.

The youths must, first of all, fully prepare themselves to be young vanguards infinitely faithful to Comrade Kim Chong-il.

"Young men and women, be the vanguard unfailingly loyal to the party and the leader" — this is a slogan of faith and loyalty which our young people should hold high invariably.

Under this slogan, the youths must always serve Comrade Kim Chong-il as lifeguards and death-defying corps, rifles and bombs.

They must also become an advance detachment and shock brigade in socialist economic construction, actively learn military affairs with heightened vigilance against the imperialists' belligerent manoeuvres and make efforts to implement the WPK's military line of self-defence.

They must resolutely fight the decadent bourgeois ideology and culture and corrupt way of life spread by the imperialists and reactionaries, clearly mindful that the imperialists' ideological and cultural infiltration aimed at stifling socialism is apt to affect the young people before anyone else.

#### **People Volunteer To Move to Rural Community**

SK2808030495

[FBIS Editorial Report] Pyongyang Korean Central Television Network at 1100 GMT on 25 August carries a one minute news report on a public security officer in Pyongyang volunteering to relocate to a rural community. The report says: Not long ago Comrade Yu Kyong-il, a public security officer at the Public Security

Detachment of Sosong-kuyok [in Pyongyang], volunteered to be advanced to a socialist rural area together with his family. The report says: Comrade Yu Kyong-il, who has grown up to become a reliable public security officer amid the bosom of the fatherly leader [suryong] and the respected and beloved General Kim Chong-il, vowed his resolution of loyalty before his departure.

The report carries Yu Kyong-il's remarks on his departure which say: Following the lifetime teachings of the fatherly leader, I am leaving for the land of Chongsan, where the leadership of the fatherly leader and the respected and beloved General Kim Chong-il dwell. I am resolved to give joy to the respected and beloved supreme commander General Kim Chong-il by achieving a bumper year in the land of Chongsan."

Pyongyang Korean Central Television Network in Korean at 1100 on 26 August carries an under-minute news report on public security officer Yu Yong-kon of the Sariwon Public Security Detachment volunteering to advance to a socialist rural farm together with his family, followed by Yu Yong-kon's remarks, which say: "Proceeding from my single desire to uphold our general with rice and from my determination to volunteer to advance into the socialist rural community, I had sent a letter containing this humble will of mine to the great General [Kim Chong-il]. The respected and beloved general gave me the great benevolence of accepting and understanding the letter. I firmly vow to give the joy of a bumper harvest every year to the great leader General Kim Chong-il in order to repay this great benevolence."

#### **Radio, TV Report Status of Rice, Corn Crops**

SK2808034595

[FBIS Editorial Report] The following is a compilation of crop reports carried by Pyongyang Korean Central Broadcasting Network in Korean and the audio feed of Pyongyang Korean Central Television Network in Korean during the period 24 to 27 August.

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 24 August carries an under one-minute report on the "excellent crops" in Unha Cooperative Farm in Pyongwon County. The report particularly notes that "every rice plant has abundant sprigs and every sprig has rich rice ears," adding that corn crops are also good.

This report is immediately followed by an under one-minute report on the "good rice crops" in Nampo Cooperative Farm in Kaepung County. According to the report, the farmers are pleased to see that "the number of grains increased by an average of 30 per ear as compared with last year." The report attributes the good crops to scientific irrigation.



The television continues to report on the "satisfactory crops" in Chungsohwa Cooperative Farm in Taedong County. An unidentified farmer said: "Our farm achieved such good crops because we worked according to the chuche farming method."

Pyongyang Korean Central Broadcasting Network in Korean at 2200 GMT on 24 August carries an under one-minute report on the harvest preparations at Chongdan Up Cooperative Farm in Chongdan County. The farm completed the maintenance for more than 10 tractors, as well as harvest tools and equipment to prepare for the "good crops."

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 25 August carries a one-minute report on the "satisfactory bumper crops" at Anhung Cooperative Farm in Sunan District. The report notes that the No. 2 Work Team of the farm achieved an unprecedented bumper crop of "an average of 130 kernels per rice ear; some ears have as many as 180 kernels." The farm's corn crops also achieved an average of 500 kernels per ear.

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 25 August carries an under-minute report on the fertilization and cultivation on Masan Cooperative Farm in Myongchong County. The report particularly notes the functionaries' efforts on irrigation under the "unfavorable weather conditions." By heightening the temperature of the paddy water, irrigation functionaries are guaranteeing good rice crops.

Pyongyang Korean Central Television Network in Korean at 1100 GMT on 26 August carries an under one-minute report on the "excellent crops" in Hyesan Cooperative Farm in Kaepung County. The report notes that "the rich rice ears on the abundant plants covered the rice paddies."

Pyongyang Korean Central Broadcasting Network in Korean at 2200 GMT on 26 August carries a one-minute report on the "satisfactory crops" in North Hamgyong Province. The report describes the endless rice paddies and corn fields stretching from farms along the Tumen River, to Panhak, Haktong, Punam, Chibang, and Kukdong Cooperative Farms in Kim Chaek City, Hwansong County, and Orang County. The report concludes that "the Provincial Rural Economic Committee expects better rice and corn crops than last year in North Hamgyong Province."

At 1200 GMT on 27 August, the radio carries an under-minute report on the "satisfactory crops" in Hamju County. The report lists Tongbong, Suhung, Sangjung, Kusang, and Yonpo Cooperative Farms as outstanding farms with "rich rice ears that cover the paddies."

#### **Seminars on Kim Chong-il Work Held Abroad**

*SK2808114695 Pyongyang KCNA in English*  
1057 GMT 28 Aug 95

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — Seminars on "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism," a famous work of the great leader Comrade Kim Chong-il, were held by the Moscow Youth Society for the Study of the Chuche Idea in Russia, the Group for the Study of Comrade Kim Il-song's Works in Peru and the Group for the Study of the Chuche Idea of Dar-es-Salaam Technical College in Tanzania.

The speakers at the seminars said that Comrade Kim Chong-il comprehensively consummated and systematized the theory on ideological work the parties which fight for socialism should take as their guideline and powerfully encouraged and propelled the socialist cause, performing immortal feats for the progressive humankind.

The work is a militant banner which indicates the essence of ideological work of the working-class party struggling for socialism, and the tasks and ways for strengthening it, the speakers said, and stressed: We should find a way out in the chuche idea and revolutionary theory which have been developed and enriched by Comrade Kim Chong-il.

A lecture explaining the work was given by Kim Il-song Book Store in Antsirabe, Madagascar.

#### **Daily Stresses Reunification by Confederacy**

*SK2708082195 Pyongyang KCNA in English*  
0811 GMT 27 Aug 95

["Reunification by Confederacy, Way Out for Korean People" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 27 (KCNA) — The proposal for reunification through confederacy based on one nation, one state, two systems and two governments was agreed upon and confirmed as the way of the reunification common to the Korean people, to represent the unanimous desire and will of all the Koreans, at the great national conference of political parties and organisations in the North, the South and overseas which was held in Panmunjom on August 15. This is a landmark event in developing the reunification movement of the Korean nation to a new higher stage.

NODONG SINMUN says this in a signed article today.

Korea's reunification cannot be achieved by allowing one side to impose its idea and social system upon the



other, which means a war. Something in common should be found, which makes it possible to reunify the country, leaving ideas and social systems in the North and the South as they are. This is the homogeneity, the common feature of the nation.

The only way to put a period to the division of the country, achieve reconciliation and unity among Koreans in the North and South who are the people of the same blood and thus bring about the earliest independent, peaceful reunification of the country is reunification by confederacy formula based on one nation, one state, two systems and two governments. Confederacy formula is a way out for the Korean people, a road to reunification.

The proposal for reunification through confederacy is run through with the patriotic stand of the Workers' Party of Korea and the government of the Democratic People's Republic of Korea that regard the question of national reunification as a national affair from A to Z, place the interests common to the nation above regional, class and institutional ones and attach importance to the commonness and homogeneity of the nation rather than differences in social system. It is the embodiment of the principle that neither side conquers the other, or is conquered by the other.

The historic grand national reunification festival celebrating the 50th anniversary of Korea's liberation put the reunification movement of Koreans in the North, the South and overseas on a track of reunification by confederacy formula in the 90s.

No matter what desperate efforts splittists may make, they cannot block the grand reunification march of the Korean people who are dynamically advancing along the straight road of reunification by confederacy.

#### **Daily Emphasizes Loyalty to Party**

SK2708082695 *Pyongyang KCNA in English*  
0817 GMT 27 Aug 95

["Loyalty to Party, Highest Expression of Collectivism"  
— KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 27 (KCNA) — The great leader Comrade Kim Chong-il in the famous work "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism" said that loyalty to the party is the highest expression of collectivism. NODONG SINMUN today carries a by-lined article in this regard.

Comrade Kim Chong-il is quoted as saying:

"Loyalty to the party is the highest expression of collectivism, and it is an essential quality for a communist revolutionary."

The article further says:

Loyalty to the party is precisely loyalty to the leader. A working-class party is founded by the leader and strengthened and developed under his guidance.

The leader personifies the interests of the working class and other popular masses on the highest level; the line and policies of the working-class party are revolutionary strategy and tactics to carry his revolutionary idea into reality. He leads the revolutionary struggle of the popular masses through the medium of the party. The party is just the leader. It is the leader's party. Loyalty to the party, therefore, is loyalty to the leader.

It is the highest expression of collectivism to hold, from the bottom of one's heart, the leader in high esteem and to be faithful to him unfailingly. Herein lies the kernel of collectivism.

Today the Korean people consider the great leader Comrade Kim Chong-il the Workers' Party of Korea and remain faithful to his idea and guidance unfailingly. This is the highest expression of socialist collectivism.

The article goes on to elaborate on the significance of Comrade Kim Chong-il's idea that loyalty to the party is the highest expression of collectivism.

With the profound idea laid down, it is made clear what the most important ideological and moral traits of a true communist revolutionary are like. At the same time, the working-class party in socialist construction has come into possession of a powerful ideological and theoretical weapon with which to develop in depth ideological work steadily with a correct purpose and direction.

#### **Hydroelectric Power Enterprise Increases Output**

SK2708112795 *Pyongyang Korean Central*  
*Broadcasting Network in Korean*  
2200 GMT 26 Aug 95

[FBIS Translated Text] Electricity producers of the 17 March Hydroelectric Power Enterprise, who are vigorously going forward by highly upholding the party Central Committee slogans, are energetically carrying out the struggle to increase electricity production. Therefore, these days, they are producing 30,000 more kilowatts of electricity compared with the same period last year.

They are inspecting facilities regularly and are operating all power generation facilities according to the demand of the standard operation method, thus continuing to



guarantee full operation and full capacity at every power generator.

In particular, electricity producers of the No. 1 power generation work site, where the traces of the great leader [yongdoja] Comrade Kim Chong-il's leadership are evident, are enhancing the hydraulic turbine efficiency by deeply bearing in their hearts the great pride of working at the glorious work site, thus, overflowing daily targets by 140 percent.

### South Korea

#### Dailies React to U.S. Envoy's Remarks

##### Remarks Called 'Undiplomatic'

SK2608035095 Seoul CHOSON ILBO in Korean  
26 Aug 95 p 3

[Editorial: "Ambassador Laney's Remarks"]

[FBIS Translated Text] We object to remarks by James Laney, U.S. ambassador to the ROK, that were reported by THE NEW YORK TIMES on 24 August. The paper cited Ambassador Laney as saying: "The ROK people are induced to believe [mitorok yudodoegoita] that crimes by U.S. soldiers are out of control." He added: "Irresponsible [muchae-gimhan] ROK media is instigating public sentiment with sensational reports [sanjongjogin podol]."

It is not known whether Ambassador Laney's remarks are general or refer only to a specific case. However, if it is general consideration, then criticizing his host country without well-grounded arguments deviates from the path that should be followed by an ambassador. Since the incident cited in THE NEW YORK TIMES' report involved "U.S. soldiers assaulting [pokhaeng] the ROK people en masse" in an incident that occurred last May, it may logically explain why Ambassador Laney regarded the case as an example of the ROK media's irresponsible and sensational reports [muchae-gimhago sonjongjogin podoui].

The case is still pending in court. For the ambassador to determine right from wrong based on the attitude of the ROK media while this case is still pending is inappropriate seeing that his remark could exert a grave influence on the trial. His assertion that the ROK media's reports were irresponsible and sensational [muchae-gimhago sonjongjogin] implies the ROK media did not report the truth of the incident as it is, amplifying the case instead. Accordingly, it hints that the truth of the incident is different from what has been previously reported by the ROK media.

However, the truth of the incident is yet to be determined. Whether the ROK media's reports were irrespon-

sible will be determined once the trial is over. Thereby, saying this and that about the incident not only strays from diplomatic practices but impedes the trial currently underway. If he made such remarks out of a prejudice that he cannot trust the ROK courts or its justice system, whatever the result of the trial may be, then it is useless to discuss the issue any further.

THE NEW YORK TIMES' report and Laney's remarks seemingly originated from their lack of knowledge about the process of the ongoing trial. The U.S. soldiers involved in the incident, which is still pending, stated that "the issue of sexual harassment of a U.S. soldier's wife" was not raised, that the only thing they did was sing and talk after couple of drinks, and that they are the ones who suffered. Since the "victims" did not bring the case to court, the prosecution office did not put forced sexual attack nor sexual harassment in the arraignment. However, the contents of the arraignment generally correspond with what has been reported by the ROK media.

Therefore, we conclude that Ambassador Laney one-sidedly believes [ilbangjoguro mikoinun] circumstances that are favorable to him. Denouncing the ROK media without ascertaining the truth is extremely undiplomatic [piwoegyojok]. Furthermore, it does not become the ambassador to recklessly [hamburo] make remarks that may influence the result of the trial.

#### Editorial Criticizes Remarks

SK2608141695 Seoul MUNHWA ILBO in Korean  
26 Aug 95 p 3

[Editorial: "U.S. Ambassador's Remarks and the ROK-U.S. Status of Forces Agreement"]

[FBIS Translated Text] Words and actions of a diplomat are bound to have restraint. This is because each single word he utters speaks for his home country's recognition, matter of concern, and interests of the residing country. However, the remarks by James Laney, the U.S. ambassador to the ROK, which were reported in the 24 August edition of THE NEW YORK TIMES, not only lost restraint but also deviated from the core of the matter between the ROK and the United States.

According to THE NEW YORK TIMES, Ambassador Laney said: "The ROK people think that crimes committed by U.S. soldiers are getting out of control, and that this has influenced the support toward the United States. The problem lies not in the increase of crimes by the U.S. soldiers, but in the irresponsible ROK media which are instigating the people's sentiment through sensationalistic reports."



It seems that Ambassador Laney made such remarks bearing in mind the clash between ROK citizens and U.S. soldiers at a subway station in Seoul last May, and discussions that were resumed on a full-scale to revise the ROK-U.S. Status of Forces Agreement [SOFA] due to this incident.

During the "subway station incident," the then spokesman of the U.S. Armed Forces in the ROK said: "We are well aware of the fact that there is a group of people who is trying to negatively amplify even a trivial matter linked with U.S. soldiers." This started to pour oil in the public sentiment's denunciation regarding U.S. soldiers' crimes which started to catch on fire anyway.

However, this time, it was not a soldier but an ambassador who revealed a similar view to his own country's media.

Currently, there are about 37,000 U.S. soldiers stationed in the ROK. Small and large crimes committed by them amount to some 2,200 cases annually. The ratio in which we are able to exercise jurisdiction in only 2.5 percent.

When compared with 32 percent for Japan and 21 percent for the Philippines, it is very low. This is not because of the "ROK's narrow-minded judicial system," but because of the "ROK's investigative sovereignty" which the SOFA is not appropriately reflecting. The ambassador himself probably is well aware of this. Regarding the issue of the U.S. soldiers' crimes, he should have clearly expressed the "inequality" of the SOFA which recognizes exceptions for the U.S. soldiers when compared with NATO and the U.S.-Japan agreement.

If he judges that there is a different aspect in the media's report, he should have exercised his right of a counterargument fair and square.

A greater problem is that if the ambassador himself thinks this way, this may influence the agenda and result of the negotiations to revise the SOFA which was agreed upon with Foreign Minister Kong No-myong on 18 July. Through a meeting of 14-related ministries on 4 August, the government, which had provided a revised plan for the SOFA, must take more active measures regarding this matter.

#### **Remark 'Disregards' Key Problem**

*SK2608114695 Seoul CHUNGANG ILBO in Korean  
26 Aug 95 p 5*

[Editorial: "U.S. Ambassador's Remarks Cannot Arouse Sympathy From People"]

[FBIS Translated Text] James Laney, U.S. ambassador to the ROK, has stated that the conflict between the

ROK and United States over crimes committed by U.S. soldiers in the ROK was caused by the irresponsible ROK media's sensationalistic reports rather than the crimes themselves. According to a report by THE NEW YORK TIMES, he stated that "The ROK people are led to believe that the crimes committed by U.S. soldiers have become out of control," and that "this is a very serious problem."

We cannot sympathize with his remarks at all. Furthermore, we like to point out that Ambassador Laney's viewpoint on the ROK's people's anti-U.S. sentiments is very wrong.

It is true that the ROK people's anti-U.S. sentiments have intensified recently due to the crimes committed by U.S. soldiers. However, this is mainly because our people's sentiments have been irritated as a result of increasing crimes committed by U.S. soldiers. Another main reason is that because of the unequal Status of Forces Agreement, the crimes committed by U.S. soldiers have not been properly handled according to the ROK people's view of the law. Besides this, our people's awareness of sovereignty and human rights has been more enhanced than ever.

Nevertheless, Ambassador Laney made remarks as if the key factor of the problem is the ROK media's instigation of the people's anti-U.S. sentiments. This disregards the essence of the problem.

Koreans were the ones hit by U.S. soldiers in the sexual harassment incident that took place at the subway in May. This was disclosed to the media as a result of demonstrations staged by approximately 100 citizens who wanted punishment of the U.S. soldiers, who became violent even in a police box after they were detained. If the U.S. side is dissatisfied with the ROK's indictment of four U.S. soldiers who committed acts of violence in the subway, it should know that the ROK people are also dissatisfied with the fact that they were not kept in custody because they are U.S. soldiers, even though they committed sexual harassment and group violence in a public place.

As far as the crimes committed by U.S. soldiers are concerned, the ROK people are the victims, while the U.S. side is the assailant. Therefore, Ambassador Laney, who represents the U.S. Government, should see the situations based on a mind to basically admit to the U.S. soldiers' wrongdoings and to ask for the ROK people's forgiveness. Even though it is our traditional virtue to be kind to guests, they should also be as courteous as they can.



**'Passing Blame' to Media**

SK2608095595 Seoul TONG-A ILBO in Korean  
26 Aug 95 p 3

[Editorial: "Who Is To Blame for the Crimes Committed by U.S. Soldiers?"]

[FBIS Translated Text] The 24 August edition of THE NEW YORK TIMES reported that ROK and U.S. officials are worried that the ROK people's sentiment regarding crimes committed by U.S. soldiers may influence the stationing of U.S. Forces. This report accurately saw the seriousness of this matter. Regardless of its substantial truth, the clash between U.S. soldiers and ROK citizens at a subway station in Seoul in May greatly stimulated the ROK's people anti-U.S. sentiment. As a result of this incident, the ROK and the United States agreed to revise the ROK-U.S. Status of Forces Agreement [SOFA], which has been recognized to have many clauses unfavorable to the ROK.

Currently, there are about 37,000 U.S. soldiers stationed in the ROK. An average of 700 crimes committed by U.S. soldiers, including traffic violations, were tallied annually in the early nineties. Since the U.S. soldiers stationed in the ROK are a large military force, we cannot expect no crimes to be committed. However, problems arise in the way of treating the U.S. soldiers who have committed crimes. The most controversial and unfair clause is that, at the U.S. Forces authorities request, the ROK authorities must give up jurisdiction of the U.S. soldier who commits a crime. Also, when a criminal is taken in for a criminal act, the ROK must hand the criminal over to the U.S. Forces if the U.S. Forces authorities make the request.

We cannot deny the fact that such clauses are stipulated in the SOFA because of the U.S. Forces authorities's mistrust caused by ROK investigation practices, inadequate prison facilities, and a low standard of human rights protection. However, when viewing such SOFA clauses, the ROK people think that this is unfair and discriminatory. The SOFA, which was concluded in 1966, was revised once in 1991, but many unfair clauses still remain. Therefore, the ROK and the United States must actively make efforts to abolish unfair clauses in the work to revise the SOFA.

Because of THE NEW YORK TIMES article, we are once again thinking over the serious problems in connection with the crimes committed by U.S. soldiers, and can only touch on the claim by James Laney, U.S. ambassador to the ROK, quoted in the article. In connection with crimes committed by the U.S. soldiers, Ambassador Laney said: "The problem lies not in more crimes being committed by U.S. soldiers, but in the

irresponsible ROK media describing such crimes in their unique sensationalistic way to the masses who have become excited." We do not know how dissatisfied Ambassador Laney is over the reports generally made by the ROK media regarding crimes by U.S. soldiers, but such a remark does not help resolve the situation. Moreover, passing the blame to some ROK media instead of providing active measures to prevent such crimes by a leading ambassador-level diplomat, is by no means wise.

**SOFA Revision Urged**

SK2708062695 Seoul HANGUK ILBO in Korean  
27 Aug 95 p 3

[Editorial: "Undercurrents of the 'Laney Controversy'"]

[FBIS Translated Text] The United States' view of the anti-U.S. sentiment in the ROK seems to be gravely mistaken. If such a view is mistaken, then the diagnosis and prescription for it will also be mistaken. A revision of the U.S. view regarding the ROK is necessary to establish friendly and cooperative ROK-U.S. relations.

The U.S. Government and American mass media have a strong tendency to view anti-Americanism in the ROK in relation to nationalism. James Laney, U.S. ambassador to the ROK, has passed the blame for anti-Americanism on to the ROK media, which has created a controversy.

On 24 August, THE NEW YORK TIMES carried a feature article about the crimes committed by U.S. Forces in the ROK and their effects. The article notes the "ROK is a very nationalistic state" and "officials from both the ROK and the United States worry that the crimes committed by the U.S. Forces in the ROK may hamper the ROK people's support for the presence of U.S. military bases." In connection with this, the article quotes Ambassador Laney as saying: "...the problem is not an increase in the crimes committed by U.S. soldiers but the fact that an irresponsible ROK media carries sensational and shocking reports about these crimes, thus angering the masses."

Ambassador Laney wants to insist that the ROK media "carried exaggerated reports" [kwajang podo] on the crimes committed by U.S. soldiers. However, his perception is mistaken. The unequal [pulpyongdung] ROK-U.S. treaties and agreements, as well as the privileges the United States enjoy, are more problematic than "nationalism" and "sensationalism." The ROK people's anti-U.S. sentiment is a byproduct of the complaints made about them.

A typical unequal [pulpyongdung] agreement is the Status of Forces Agreement [SOFA]. This agreement



was revised once, in February 1991, though it still absolutely favors the United States. The agreement stipulates that if U.S. soldiers and civilian employees of the military or their dependents commit such violent crimes as involvement in rebellion, murder, rape, and drug offenses, the ROK police can detain and investigate them. However, in reality the ROK police have not been able to exercise the right to take U.S. criminal suspects into custody. If U.S. criminal suspects, whom the ROK has the right to judge first, are in the hands of U.S. authorities, they can confine the suspects at their discretion until the trial is over. Even if ROK authorities have custody of the suspects, they must hand them over to U.S. authorities if so requested.

Also, in the case of "crimes committed by U.S. soldiers while on duty," for which U.S. authorities have the right to judge the suspects first, they have broadly defined the concept "crimes committed while on duty." The ROK's right to judge has been exercised in a mere half of the cases. The ROK Government has an insufficient right to investigate U.S. soldiers' crimes. If U.S. soldiers had been justly punished for their crimes, the ROK people would not emotionally respond to such crimes.

Fortunately, during negotiations the ROK Government obtained the consent of the U.S. Government to revise the SOFA. As for investigating crimes committed by U.S. soldiers, the United States must give the ROK as substantial a right as those stipulated in the similar agreements the United States signed with Japan and Germany. The ROK people request the United States upgrade the "mature ROK" to the status of "equal partner" in name and reality. Consequently, the ROK's view of the United States depends on the United States.

#### **Comments Labeled 'Regrettable'**

*SK2608075495 Seoul KYONGHYANG SINMUN  
in Korean 26 Aug 95 p 3*

[Editorial: "Ambassador Laney's View on the ROK Media"]

[FBIS Translated Text] U.S. Ambassador Laney's remarks on the ROK media, which were carried by THE NEW YORK TIMES of the United States, in a word, are regrettable. This is because he failed to get to the heart of the matter by merely saying that the ROK media's irresponsible and sensational coverage is more problematic than the increase of the U.S. soldiers' crimes.

He described the ROK media's coverage of the U.S. soldiers' crimes as "irresponsible and sensational." This is like seeing one side of a matter, while turning a blind eye to the other. If he had commented on the ROK media's general attitude, he might have deserved our appreciation. His view on the ROK media's coverage

of the U.S. soldiers' crimes is not convincing. This is because he mentioned secondary matters while avoiding to deal with the main point of the controversy.

The problem in the increase of the crimes by U.S. soldiers in the ROK is related to the unequal Status of Forces Agreement [SOFA]. If there is any problem in the ROK media's coverage, it will be a mere secondary matter. Perceiving problems in the SOFA, the ROK and the United States have already revised the SOFA a few times. And, after being caught in another controversial case last summer, they agreed to further revise the SOFA. However, he complained only about the ROK media's attitude toward the news coverage while avoiding mentioning the crux of the matter. This will only complicate the matter; It will not help fundamentally solve the problem.

ROK and U.S. authorities have repeatedly stressed that the two countries have no different views on major issues and have promoted close cooperation. If it is true, it will be very fortunate. We hope the governments of the two countries will again more closely look at major and minor issues concerning bilateral relations. They should because they may have different views on some issues other than those in which both governments handle macroscopically and politically. The ROK's role in the supply of light-water reactors to North Korea, the memorandum of understanding over cigarettes, and the U.S. pressure to open the ROK car market are far from the "close cooperation," are they not? These issues may make bilateral relations uncomfortable.

In ROK-U.S. relations, however, the U.S. Forces in the ROK is more important than these issues. This is because the U.S. Forces in the ROK symbolize the two countries' national interests. It is not desirable if other matters affect the presence of the U.S. Forces in the ROK. This is why we repeatedly request that the SOFA be revised in ways that will make bilateral relations more equal. Equal relations will bring about genuine partnership.

#### **Media Blamed 'Groundlessly'**

*SK2608030395 Seoul HANGYORE SINMUN  
in Korean 26 Aug 95 p 3*

[Editorial: "Ambassador Laney Has a Wrong Idea"]

[FBIS Translated Text] What Ambassador James Laney, who is serving in the ROK as the representative of the U.S. Government, has told a reporter of THE NEW YORK TIMES is surprising and unanticipated. As for the U.S. soldiers' crimes, which have been a major controversy in our society, he insisted that "the ROK media's irresponsible and sensational [sonjongjok] coverage, not the crimes themselves, is more problematic."



He also said that he has been led to believe that the U.S. soldiers' crimes are beyond control.

First of all, we cannot help believing that Ambassador Laney knows too little about the nature of the ROK media and its general tendencies concerning news coverage, or that he made remarks contrary to the facts even though he knows the facts. After the United States came in and began military rule in 1945 right after the Japanese imperialists left, the ROK media were divided into the left and right and opposed or supported U.S. policies. Then, when the Korean war broke out, the leftist media disappeared, and the rightist media advocating anticommunism led public opinion. Under these circumstances, the United States was always a sacred cow. It is no exaggeration for us to say that the ruling circles, from the Syngman Rhee and Chang Myong regimes to the military regimes, constantly assumed a subordinate attitude toward the United States. The conservative media, of course, did not correctly criticize such a subordinate attitude but sympathized with it.

However, taking the Kwangju resistance in 1980 as an opportunity, ROK society's consciousness on national independence was heightened, and its sense of criticism toward the United States, which had virtually ruled the ROK politically, economically, culturally, and militarily, became stronger. Dissidents, workers, peasants, and intellectuals who demonstrated their powerful strength in the June 1987 resistance sharply criticized the United States for merely seeking to preserve its vested rights. Moreover, after the No Tae-u regime was sworn in as a misplaced "illegitimate child" of the June resistance, U.S. soldiers committed violent crimes often, and the government habitually treated those crimes improperly, which humiliated our people. As a result, an anti-U.S. sentiment erupted among the people. U.S. soldiers in the ROK habitually smuggled goods and even shot ROK people to death and brutally murdered them. Then, the ROK people's anger rose to the extreme. The Yun Kum-i case, which took place in 1992 in Tongduchon, Kyonggi Province, is a typical example. Even when U.S. military authorities defended him and refused to hand him over to ROK authorities, the ROK Government failed to take strong measures. National anger boiled as a result. We still vividly remember this episode.

The unequal ROK-U.S. Status of Forces Agreement [SOFA] is the fundamental cause of these phenomena. Also, the ruling forces' attitude of merely shrinking before the United States must also be brought to an end. We hope Ambassador Laney will make efforts to correctly revise the SOFA before groundlessly finding fault with the ROK media.

**Civic Group Protests U.S. Envoy's Remarks**

*SK2608035395 Seoul YONHAP in English*  
*0258 GMT 26 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 26 (YONHAP) — A civic organization here issued a statement Saturday protesting recent remarks made by U.S. Ambassador to Seoul James Laney, urging him to openly apologize to the Korean people and to take measures that would prevent crimes by U.S. forces from being committed here.

The "Headquarters for the Movement Against Crimes by U.S. Forces" said in its statement that Laney's remarks criticizing the South Korean press for their reports about the crimes committed by U.S. forces here were designed to cast responsibility on others without reflecting the truth about what happened.

Laney was reported to have said in the recent issue of THE NEW YORK TIMES that the South Korean press reports sensationalized the crimes to incite anger in the South Korean people although the number of such crimes is not increasing.

The headquarters urged Laney to apologize openly for his remarks, to explain them, to establish detailed measures to prevent such crimes by U.S. forces from happening again and to accept measures that would correct the inequality of the Korea-U.S. status of forces agreement.

**Washington, Seoul Revise Cigarette Agreement**

*SK2608041795 Seoul YONHAP in English*  
*0203 GMT 26 Aug 95*

[FBIS Transcribed Text] Washington, Aug. 25 (YONHAP) — South Korea and the United States Friday initialed an agreement granting South Korea the right to tax and advertise American cigarettes sold on the South Korean market, according to Seoul officials who came to Washington for cigarette talks.

The revision to the Record of Understanding (ROU) on the sale of American cigarettes in South Korea, initialed in Washington between Deputy Minister Sin Myongho of the Finance and Economy Ministry and acting United States Trade Representative Jennifer Hillman, put an end to the seven-year controversy regarding the country's right to impose tariffs and limit the business activities of the domestic cigarette market.

The revision to the ROU, however, stipulates that the South Korean Government should not discriminate against American cigarettes when imposing tariffs and restricting ads in accordance with the principles of



indiscrimination under the World Trade Organization (WTO).

The revisions to the ROU, initialed at the end of the four-day negotiations in Washington, also allow the South Korean government to collect 20 won per pack in contributions for public welfare projects on domestic as well as foreign cigarettes sold in South Korea.

American cigarette manufacturers have previously refused to pay the 20 won per pack contribution for its cigarettes sold in the country.

South Korea can also raise the rate of the public welfare contribution and tariffs on the condition that those contributions and tariffs are imposed equally on both domestic and foreign cigarettes.

Sin Myong-ho, the chief South Korean delegate to the four-day cigarette talks, said just after initialing the agreement that "we have completely restored the South Korean government's right to impose tariffs on and restrict advertising for cigarettes."

Expressing satisfaction with the outcome of the cigarette talks, Sin said "South Korea and the United States agreed that South Korea will have the right to impose a tax on and advertise imported cigarettes in the country on the condition that South Korea provides American cigarette manufacturers de facto national treatment."

"With the conclusion of our cigarette talks with the United States, we will be able to proceed with the plan to introduce, starting Sept. 1, the national health promotion law which runs counter to the former version of the ROU," Sin said.

South Korea and the United States agreed that South Korea will impose a value-added tax on cigarettes, setting the initial rate at 30 to 50 percent, he said.

According to Sin, the Seoul government will replace the current fixed commercial tariff of 460 won per pack with an ad valorem duty system.

Preferential treatment will be given to domestic cigarettes with a price tag of less than 200 won per pack for low-income buyers in the country, he said.

The former ROU, signed in 1988, calls on the South Korean Government to get approval from the United States to raise the 460 won per pack tax, while allowing U.S. cigarette makers to place 120 magazine ads per year, raising a controversy which argued that the Seoul government gave up control of its right to tax and advertise.

#### **Editorial Welcomes Conclusion of Cigarette Talks**

*SK2708105495 Seoul KYONGHYANG SINMUN*

*in Korean 27 Aug 95 p 3*

[Editorial: "Tasks To Be Achieved on Settlement of Cigarette Negotiations"]

[FBIS Translated Text] The stunning reality that it was not possible for us to freely exercise the taxation right and the right over people's health because it was bound by a mere agreement, which was not even an official agreement, was a problem related to the people's pride. From this viewpoint, it is fortunate that the ROK and the United States reached a settlement—although belatedly—in the negotiations to revise the "memorandum of understanding regarding the cigarette issue," which was preposterously unfair.

This issue was always pushed to the back in trade negotiations, but we can say that this time we had our assertions fulfilled. However, this memorandum of understanding has too many unfair principles. The U.S. side acted very highhandedly and for no reason, mentioning that it would "exercise Super 301." However, it was inevitable that they would show a change of attitude because they no longer had a justification to continue infringing upon another country's tax rights and the right to health.

Such a humiliating agreement must not ever be concluded again. This agreement was concluded at a time when everyone was distracted by the holding of the Olympics. To have to receive permission from another country every time a cigarette tax is readjusted and to not be able to control sales promotions or advertising is the same as handing over the country's dignity and sovereignty. In the future, trade-related officials must closely examine draft agreements in detail and do their best so that no preposterous result will be brought about later.

We also emphasize that work must be carried out so that there will be no setbacks in carrying out the law to promote the people's health, which will go into effect in September. The market share of U.S. cigarettes increased by over 13 percent after they used the loose regulations as an opportunity. All kinds of unfair trade dealings, such as giving out free gifts, were prevalent, and it was in a helpless situation because of limitations in the unfair agreement. Since we have now secured the right for discretion, we must apply appropriate regulations in assisting cigarette-related events and installing cigarette vending machines. Cigarette consumption could be controlled by adjusting the tax rate. As long as we do not discriminate against foreign cigarettes, the government will freely decide on



the tax rate. Adjustments to tax rates are inevitable to provide financial resources for education reform and as a price policy to control consumption.

In contrast to advanced countries, cigarette consumption is increasing more and more. This can by no means be overlooked. In particular, recently, the U.S. Food and Drug Administration stipulated that nicotine is a toxic drug and took active measures to protect teenagers' health by regarding the sale of cigarettes to those under 18 years as illegal and prohibiting the installment of vending machines. There is a need for us to refer to such measures. We must look squarely at the fact that the teenage smoking population is increasing, and work to reduce the future smoking population. More active measures must be made regarding this matter now. If this is the case, the state must first of all withdraw from producing and selling cigarettes itself.

**Money Demanded in Return for Soldiers' Remains**  
*SK2808023695 Seoul CHOSON ILBO in Korean*  
28 Aug 95 p 1

[Report by Kang Yong-won]

[FBIS Translated Text] It was learned on 27 August that North Korea requested that the United States pay \$3.5 million for North Korea's repatriation of the remains of 131 U.S. soldiers who died in the Korean war, and the United States expressed its willingness to pay \$1 million.

A source well versed concerning the U.S. Forces in the ROK said: "During a recent contact between North Korean and U.S. field grade officers at Panmunjom, North Korea demanded the United States pay \$3.5 million for the remains of 131 U.S. soldiers that were returned by North Korea to the United States in 1993 and 1994. The United States, however, expressed its position that it is difficult for the United States to pay over \$1 million to North Korea."

The United States previously invariably adhered to its original position that, following the precedent of repatriating the remains of U.S. soldiers who died in the Vietnamese war, it is difficult for the United States to pay more than \$2,000 per body. However, the United States has changed its position to make a proposal that it will pay \$1 million, thus attracting public attention.

In this regard, a government official stated: "Only four of the 131 bodies of U.S. soldiers have been identified, and the alleged remains of U.S. soldiers include animals' bones." The official continued: "It seems that the United States is tied to North Korea in organizing an on-the-spot investigation team."

Meanwhile, the United States has already paid \$897,300 to North Korea for the remains of 46 U.S. soldiers returned from 1990 until 1992. It also attempted to deliver \$262,000 to North Korea at Panmunjom last year for the remains of 131 U.S. soldiers that had been returned since 1993, but North Korea refused to receive it, saying the payment was too small. These facts were revealed later.

**KEDO Team Calls for Additional Site Survey**  
*SK2708051195 Seoul CHUNGANG ILBO in Korean*  
27 Aug 95 p 2

[Report by Choe Won-ki]

[FBIS Translated Text] It was learned on 26 August that a light-water site survey team from the Korean Peninsula Energy Development Organization [KEDO] concluded that it needs the full text of the reports prepared by Russia regarding the North's Sinpo nuclear reactor construction site as well as an additional visit to North Korea.

A government official stated: "As a result of the first site survey, it seems KEDO needs the detailed reports made by the Russians on Sinpo as well as another visit to North Korea, even though there is no major problem in selecting Sinpo as the site."

As regards the detailed reports on Sinpo, he explained that KEDO needs additional material on weather conditions, seawater, and population distribution in the area as well as test drilling.

The official revealed: "As regards acquiring the full text of the Russian reports, KEDO plans to contact North Korea in the near future and discuss the issue."

On 25 August, the survey team finalized the contents of the first report to be submitted to KEDO Headquarters, and agreed to newly organize the second survey team.

**KEDO-DPRK Likely To Hold Talks in Sep**  
*SK2808054195 Seoul HANGUK ILBO in Korean*  
28 Aug 95 p 2

[FBIS Translated Text] A Korean Peninsula Energy Development Organization [KEDO] official said on 27 August that KEDO and North Korea are likely to hold working-level negotiations in Beijing sometime in early September for the conclusion of a treaty on supplying light-water reactors to North Korea.

The KEDO official stated: "The KEDO Secretariat and the North Korean Mission in the United Nations are now holding discussions in New York on the date and place of negotiations regarding the treaty on supplying reactors. They agree that KEDO and North Korea



should begin to hold negotiations on the treaty in early September, without linking this issue with the survey of the selected reactor site."

The official also stated: "Beijing and Berlin have been mentioned as potential meeting places, but North Korea prefers Beijing to Berlin. The sides will decide on the details next week, and the KEDO Secretariat will officially announce its final decision."

He continued: "It seems that the negotiations on the treaty for supplying reactors will be attended by Gary Samore, aide to the U.S. nuclear ambassador, from the KEDO side, and Kim Chong-u, vice chairman of North Korea's External Economic Committee, from the North Korean side." He then added: "Of course, ROK and Japanese experts will participate in the negotiations as members of the KEDO delegation."

The KEDO Secretariat held discussions with North Korea through Han Song-yol, counselor at the North Korean mission in New York, on the date and place of negotiations. However, the North Korean side simply suggested Beijing as the meeting place and said it would provide details later. It has also been learned that North Korea rejected KEDO's proposal that high-level officials of the two sides hold talks prior to working-level negotiations and insisted on directly holding working-level negotiations.

#### **North Soldiers' Corpses Found Near Peace Dam**

*SK2808045895 Seoul KBS-1 Radio Network  
in Korean 0430 GMT 28 Aug 95*

[FBIS Translated Text] The National Defense Ministry stated that it pulled up three bodies of North Korean soldiers, apparently in their early twenties, from the drain-outlet of the Peace Dam and the nearby Ojakkyo bridge in Hwachon County, Kangwon Province. According to the National Defense Ministry, the dead North Korean soldiers were in combat fatigues, and since there was no sign that they had infiltrated into the South, it appears that they drifted down to the South as a result of recent heavy rain in North Korea.

The United Nations Command in the ROK stated that it intends to return the bodies to North Korea, based on humanitarian principles, if North Korea requests it.

#### **North Urged To Hold Talks on Peace Regime**

*SK2808081795 Seoul YONHAP in English  
0808 GMT 28 Aug 95*

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — South Korea Monday urged North Korea to directly face reality and engage itself in negotiations with the Seoul

government for setting up a peace regime on the Korean peninsula to replace the current armistice treaty.

Commenting on recent reports by the North Korean media denouncing President Kim Yong-sam's efforts to establish a peace regime through direct talks with North Korea, a Foreign Ministry spokesman urged the North to come to the negotiating table to settle the issue.

Expressing concern over the North's denunciation of South Korea on the issue of replacing the current armistice treaty, he urged the North to abandon its strategy to sign a peace pact directly with the United States that excludes South Korea's participation.

#### **North Treating Hanchongnyon Delegates 'Unkindly'**

*SK2808072195 Seoul KYONGHYANG SINMUN  
in Korean 28 Aug 95 p 8*

[Report by Yi Sung-chol]

[FBIS Translated Excerpt] Observers say that the South Korean women students who secretly entered North Korea to participate in events celebrating the 50th anniversary of the national liberation as delegates of the Korea Federation of University Student Councils [Hanchongnyon] are receiving unkind treatment from North Korea.

That is, although they outwardly welcome the Hanchongnyon delegates — Yi Hye-chong, 20, a sophomore at the Accounting Department of the Songsim campus of Catholic University; and Chong Min-chu, 22, expelled from the Architecture Department of Incheon University when she was junior — North Korean authorities are not actually interested in them.

This observation is based on the frequency of North Korean media reports on their activities and whereabouts.

North Korea broadcasting services and papers reported the South Korean students' moves comparatively pictorially from 14 to 17 August, when the great reunification festival on the National Liberation Day was held following their arrival.

After the festival ended, however, North Korean media carried reports on their activities only two times, on 21 and 25 August.

The infrequency of North Korean media's reports on them, as well as the content of the reports, shows that North Korea is not particularly interested in the South Korean students. [passage omitted]

The North Korean media's attitude of reporting the Hanchongnyon delegates is significantly different from that shown when Yim Su-kyong secretly entered North



Korea as a representative of South Korean students in 1989 for the first time in history, and when Presbyterian Pak Yong-kil, widow of Rev. Mun Ik-hwan, secretly entered North Korea last June. [passage omitted]

It is believed that North Korea is treating the Hanchongnyon delegates unkindly because secret entrances by South Korean students' into North Korea are not as rare as they once were, and because the North Korean authorities now realize that their reunification strategy by agitating South Korean students is not effective.

An official of the National Unification Ministry stated: "It seems that South Korean students' frequent secret entrances and their lengthy stays in North Korea have become a burden on North Korea."

In particular, North Korean authorities may still remember that Yim's liberal acts exerted a bad influence on North Korean youths, so that adverse Western manners were in fashion among them for awhile.

Meanwhile, it has been learned that the Hanchongnyon delegates will stay in North Korea for about a month more and will probably go to a third country, such as Germany where the Berlin headquarters of the National Alliance for the Country's Reunification is located, and carry out their activities there, instead of returning home, to evade judicial trials.

#### **Russians Say North's Sinpo Suitable LWR Site**

SK2808070895 Seoul YONHAP in English  
0628 GMT 28 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — The former Soviet Union concluded that North Korea's Sinpo area was a suitable location to construct two light-water nuclear reactors [LWR] when it ended a two-year survey of the Sinpo site in 1992, a spokesman for the Ministry of Science and Technology said Monday.

The former Soviet Union conducted the survey of the proposed construction site in Sinpo, South Hamgyong Province, in accordance with an agreement the former communist nation had with the North on the construction of two 44 mega-watt light-water reactors there, the spokesman said.

The former Soviet Union signed the agreement in December 1985, on the condition that the North join the Nuclear Nonproliferation Treaty (NPT).

Under the agreement, the North was supposed to pay 4 million dollars to cover the expense of the site survey, according to the spokesman.

North Korea, which is suffering from a severe shortage of foreign currency, however, only paid 500,000 dollars, causing the Russian site survey team to stop their work

after doing about 2.5 million dollars worth of the survey, the spokesman said.

The Russians had started gathering information in February 1990, sending hundreds of nuclear experts and equipment to the Sinpo region.

They then withdrew the experts and equipment from the North in 1992 when North Korea failed to make payment on the cost of the survey, he said.

The Russians have since withheld revealing the results of the site survey because the North Koreans were unable to pay for the work, although the Russians did conclude that the Sinpo site is suitable for the construction of two light-water reactors.

Those who work for the North Korean light-water nuclear reactor project believe that the North has the information gathered by the Russians on the Sinpo light-water reactor site, predicting that the North Korean reactor project may be delayed about a year if the Korean Peninsula Energy Development Organization (KEDO) is unable to obtain the reports from the North.

North Korea reportedly demanded that the KEDO site survey team, which visited the Sinpo region recently, will have to pay for the full text of reports on the Sinpo site or buy them from the Russians.

Sources estimated the amount would be about 2.5 million dollars.

They went further to predict that a dispute could arise between the North and Russia on the intellectual property rights of the information they gathered on the Sinpo site in consideration of the fact that the North has yet to settle its account for the survey of the site.

#### **Extraordinary Cabinet Meeting Planned**

SK2808072895 Seoul YONHAP in English  
0720 GMT 28 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — President Kim Yong-sam Monday called for an extraordinary State Council meeting to be held at Chongwadae [presidential offices] at 4 PM Tuesday with Prime Minister Yi Hong-ku and all other cabinet members attending.

At the cabinet meeting, President Kim is expected to issue instructions regarding the restoration and compensation for damage resulting from the recent torrential rains and typhoon Janis, a senior Chongwadae [presidential offices] official said.

He said, "The chief executive will issue a particular instruction to related administrative agencies to exert



themselves for the flood damage restoration and compensation project on a pan-governmental basis, mobilizing all manpower, equipment and funds available."

In addition, Tuesday's extraordinary cabinet session is not related to the administration's cabinet reshuffle, according to the official.

"The scope of the cabinet and presidential secretariat reorganization is highly likely to be smaller than originally anticipated," the official noted. "And chances are high that the reshuffle will be delayed until the middle or latter part of the week."

#### **Kim Yong-sam Notes Importance of 'Rule by Law'**

SK2808063995 Seoul YONHAP in English  
0437 GMT 28 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — President Kim Yong-sam called on the prosecution Monday to play the leading role in getting the "rule by law" system rooted firmly into the soil of South Korea by stamping out corruption and irregularities and by enforcing laws in a fair and just manner.

Speaking at the dedication ceremony of the new Public Prosecution Administration Building in southern Seoul, Kim noted that establishing rule by law is a necessary condition of an advanced nation.

"Only on the basis of a rule by law system can we build an honest society without corruption or irregularities, a transparent society where reason and common sense come first, and a healthy society where human dignity and values are respected," the chief executive warned.

Pointing to the increasing number of terrorist attacks in advanced countries, Kim stressed the need for law enforcement agencies to improve investigative techniques to cope with such crimes of violence.

He also called on the prosecution to prepare itself for national unification, saying it should further strive to cement the foundation of freedom and democracy on the one hand and prepare itself to establish a rule by law system in a unified Korea on the other.

#### **DLP Announces New Middle-Level Postholders**

SK2608021495 Seoul YONHAP in English  
0133 GMT 26 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 26 (YONHAP) — The ruling Democratic Liberal Party [DLP] announced Saturday a new lineup of middle-level postholders who will assist chairman Kim Yun-whan in steering the party toward a victory in the coming parliamentary elections next year.

Rep. Chong Chae-mun was named chairman of the globalization promotion committee, Rep. Kim Tong-kun director of the central political training center, Rep. Pak Myong-hwan chairman of the peaceful unification committee and Rep. Kang Yong-sik chairman of the planning coordination committee.

Meanwhile, Rep. Choe Chae-uk became chairman of the organization committee.

In addition, Rep. Yu Hung-su was appointed chairman of the first policy coordination committee, Rep. Ha Sun-pung head of the second policy coordination committee. Rep. Yi Sang-tuk retained the chief post of the third policy coordination committee.

Rep. Hwang Yun-ki was appointed chairman of the local autonomy development committee and Rep. Chong Yong-hun chairman of the international cooperation committee.

The ruling party also plans to appoint chairmen of its local chapters across the country next week.

#### **DLP Faction Leaders Urge Unity for Elections**

SK2708035495 Seoul THE KOREA HERALD  
in English 27 Aug 95 pp 2, 3

[FBIS Transcribed Text] Rep. Kim Yun-hwan, chairman of the ruling Democratic Liberal Party [DLP], met with Rep. Choe Hyong-u of the same party yesterday.

It would not be unusual for the top party official to meet with a senior lawmaker of his party. But their meeting drew attention because it was more than that.

While Kim represents the Minjong faction, Choe is a core member of the Minju faction, which is loyal to President Kim Yong-sam. The two factions have been at loggerheads though the party has attempted to play down their conflicts.

Kim's meeting with Choe was designed to boost the morale of the party, which was defeated in the June local elections, and prepare for the upcoming general elections.

Prior to his meeting with Choe, Kim said, "We will have to consolidate our party for the general elections."

One aide to Choe agreed with Kim when he said, "We have to rally behind Chairman Kim to win the general elections."

Such an agreement was based on a belief that a defeat in the general elections next April would topple the party and make it meaningless whether one belongs to the Minjong faction or the Minju faction, party sources said.



Leaders of the two factions, sources said, have now decided to shelve their plans to compete for party control and the nomination of a presidential candidate until after the general elections.

Shortly after he was selected party chairman with the blessing of President Kim last week, Rep. Kim agreed with the new secretary-general from the Minju faction, Rep. Kang Sam-chae, that their most immediate task is to pull off a victory in the general elections.

Chairman Kim met with Rep. So Chong-won, a three-term lawmaker affiliated with the Minju faction, after he met with Choe.

He is also planning to meet with Rep. Kim Tok-yong, a former secretary-general, and other members of the Minju faction in the near future.

While he is promoting factional reconciliation, Chairman Kim has another task of keeping in the party's fold Minjong lawmakers who have been restless over the outcome of the June local elections.

Some of the lawmakers are considering breaking with the party to join opposition parties or help create a new party before the general elections are held.

#### **DLP Denies Reports on Kim Hyon-chol's Plans**

SK2808032995 Seoul YONHAP in English  
0254 GMT 28 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — The ruling Democratic Liberal Party (DLP) denied reports Monday that Kim Hyon-chol, second son of President Kim Yong-sam, is pushing to turn his private political group into a public organization.

DLP spokesman Rep. Son Hak-kyu said, "as far as I know, Hyon-chol does not have any plan to create a public political organization. It's totally groundless."

Kim Hyon-chol, 36, has reportedly influenced from behind-the-scenes the decision-making as well as personnel management sectors of the current government, according to the newspaper.

The TONG-A ILBO, a vernacular daily here, reported Monday that the president's son will turn his private political group into a public organization and that such a move is likely to create a stir inside the ruling camp.

#### **Yi Hong-ku Stresses Need for Non-Proliferation**

SK2808025695 Seoul YONHAP in English  
0205 GMT 28 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — South Korean Prime Minister Yi Hong-ku said Monday that keeping weapons of mass destruction

from proliferating is the most important task facing the nations of the world today.

Speaking at the opening session of the 30th General Assembly of the Asia-Pacific Parliamentarians' Union (APPU) at the Lotte Hotel, he called on all the nuclear powers to stop nuclear testing.

Noting South Korea strongly believes the nuclear non-proliferation treaty is the most realistic and effective tool to stop nuclear weapons build-up, Yi warned that if North Korea were allowed to develop nuclear weapons it would expose not only the Korean peninsula but also the Asia-Pacific region and the world to great danger.

He called for international cooperation to help solve the North Korean nuclear issue, saying the issue requires not only a bilateral approach, namely inter-Korean dialogue, but also a multilateral approach in order to settle it.

Commenting on his government's globalization policy, the prime minister said South Korea would increase its responsibility and contribution to the world community under such a policy.

He said he expects the Asia-Pacific Parliamentarians Union will prepare itself at this Seoul meeting to play a leading role in the opening [of] the Asia-Pacific era of world history.

#### **Kim Tae-chung 'May Run' for President in 1997**

SK2608043495 Seoul YONHAP in English  
0252 GMT 26 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 26 (YONHAP) — Kim Tae-chung, Inaugural Preparatory Committee chairman of the National Congress for New Politics (NCNP), said Saturday he may run in the next presidential election in 1997.

"There is a possibility that I may run in the next presidential election, though I have not made my final decision yet," Kim said.

The remarks appear to indicate that he is seriously considering the possibility of making another try at his long-time dream of becoming a president. However, just recently he said he would not run if the people did not want him to.

In an interview held with the vernacular KUKJE SIN-MUN on the occasion of the daily's 48th anniversary, Kim said he would decide whether to run in the presidential election around the end of next year, after the people let him know their wishes.

This would indicate that he will declare his candidacy if his new party, now in the process of being created, runs well in the next general elections.



He added that the NCNP could emerge as the majority party in next year's general elections.

"If we win a basic number of seats in Seoul, Kyonggi Province, Inchon and Honam areas and do our best in other regions, it would be possible for us to become the majority party," he said.

On other issues, Kim said he is willing to help President Kim Yong-sam's administration during the remainder of his term if "the president is prepared to govern selflessly."

He ruled out the possibility of his party joining hands with the United Liberal Democrats (ULD), saying there are basic differences between his and ULD President Kim Chong-pil's policies.

#### **NCNP To Institute Dual Leadership System**

*SK2808021795 Seoul YONHAP in English*  
0147 GMT 28 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 28 (YONHAP) — The National Congress for New Politics (NCNP), now being created by opposition leader Kim Tae-chung, decided Sunday to institute a dual leadership system — the so-called presidential meeting and the guidance committee.

The NCNP held a guidance committee meeting at the Swiss Grand Hotel in downtown Seoul to choose the new leadership system in which seven vice presidents under the party president would be placed, the committee announced.

Kim Tae-chung, chairman of the preparatory committee for the formation of the new party, told reporters, "the party chose a dual leadership system in an effort to distribute power inside the party. The guidance committee will have the right to vote on major party affairs."

Kim added that the chairman of the executive committee comprised of party president and vice presidents will be the party president, while chairmanship of the guidance committee will be taken on by another leading figure from either inside or outside the party.

The guidance committee will have the power to hold the president in check, Kim said.

The committee also confirmed the party's 12-point platform which includes a revision of the controversial national security law.

The NCNP decided to push for the replacement of the law with a "law to protect democratic order," while urging North Korea to revise the platform of the workers' party and the criminal law which stands in the way of Korean unification.

In its economic policy on large businesses, the new party decided it will stand for nonintervention to guarantee their autonomy.

Rep. Pak Chi-won, spokesman of the NCNP, said, "the party will not partake in any administrative intervention of big enterprises to secure self-reliant development and therefore help them to adapt to the World Trade Organization (WTO) system."

#### **DP To Approve New Leadership at Convention**

*SK2708035595 Seoul THE KOREA HERALD*  
in English 27 Aug 95 p 2

[FBIS Transcribed Text] Ending a month-long factional feud over the leadership change issue, the opposition Democratic Party (DP) is scheduled to hold a national convention tomorrow to inaugurate its new leadership.

Convention deputies are set to approve party adviser Pak Il and Rep. Hong Yong-ki as cochairmen of the party.

The deputies will also approve a supplementary provision to the party charter, which would change the one-man ruling system into a joint leadership format led by the cochairmen.

But the new leadership is expected to be short-lived as Pak and Hong are regarded as proxies for two factional leaders — party President Yi Ki-taek and Rep. Kim Won-ki.

The party is scheduled to hold an extraordinary national convention to form a new leadership in December.

Pak, a former dissident, was promoted by Yi's mainstream faction and Rep. Hong, vice National Assembly speaker, was backed by Kim's group.

The rival factions were at odds over how to change the party leadership and when to hold the national convention since former DP leader Kim Tae-chung declared July 18 that he would create his own party.

Yi's faction had insisted that Yi be reelected as party president at the national convention Monday.

Kim Won-ki's group had demanded that the party be led by three chairmen and postpone the convention until the two factions ironed out their differences.

The group had also called on party President Yi to step down to pave the way for party reforms and a victory in the general elections next year.

But the two groups reached a dramatic compromise last Monday when they announced they will share the party leadership until the December special convention.



In the face of pressure for him to resign as party president, Yi said Wednesday that he will not run for a chairman's post at the national convention tomorrow.

But he is expected to seek the party's top post in the December convention, party officials said.

They also believe that the national convention tomorrow will serve as an occasion to help stabilize the party which has been reeling since Kim Tae-chung left the party with his supporters.

The DP had been the main opposition party until 54 party lawmakers moved to Kim Tae-chung's new party three weeks ago.

After tomorrow's convention, the DP is set to push for an alliance with the Citizens' Coalition for Political Reform, a civic group which is posed to enter the political circle.

The DP is expected to fight against the major parties led by the three Kims—President Kim Yong-sam, Kim Tae-chung and Kim Chong-pil, leader of the splinter opposition United Liberal Democrats.

#### Yi Sok-pok Named Senior Member of UNCMAC

SK2608021095 Seoul THE KOREA TIMES in English  
26 Aug 95 p 3

[FBIS Transcribed Text] Korea-U.S. Combined Forces Command Deputy Chief of Staff Maj. Gen. Yi Sok-pok will replace Maj. Gen. Hwang Won-tak as senior member of the United Nations Command Military Armistice Commission (UNCMAC) effective from Sept. 1, the Defense Ministry announced yesterday.

Yi, who graduated from the Korea Military Academy in 1965, will be the second Korean general to head the UNCMAC, which oversees and supervises the maintenance of the armistice with North Korea.

Outgoing Maj. Gen. Hwang has served [in] the post since July 1991. The North has refused to hold a senior-level MAC meeting presided over by a South Korean general, citing the fact that the South was not a signatory to the 1953 armistice agreement.

The Korean-to-Korean succession to the MAC senior post appeared bumpy, and speculation ran rife that the U.S. side wanted to appoint an American general for the job in order to keep general-level communication with the North open.

#### Editorial Welcomes Appointment

SK2708080495 Seoul SEOUL SINMUN in Korean  
26 Aug 95 p 3

[Editorial: "Preconditions for Signing a Peace Agreement"]

[FBIS Translated Text] The ROK and the United States have appointed another ROK general, Major General Yi Sok-pok, as senior member of the Military Armistice Commission [MAC]. This shows their resolute determination not to be a spectator to North Korea's attempt to break up the armistice. The decision has been made to appoint another ROK general as senior member even though a replacement of the senior member with a U.S. general had once been considered. This is meaningful. We think this is a wise choice even though North Korea is expected to reject the appointment. This is because the demand of the era is that the "ROK take charge of the defense of the Korean peninsula."

North Korea has maneuvered to sign a peace agreement with the United States that excludes the ROK Government. Toward that end, it launched a political offensive for years to unilaterally nullify the Armistice Agreement. Since the UN Command replaced the senior member of the MAC with an ROK general, North Korea has refused to attend MAC meetings and has forced Czechoslovakia and Poland to withdraw from the Neutral Nations Supervisory Commission [NNSC]. It has also led the Chinese delegation to the MAC to leave.

The reason North Korea seeks to incapacitate the MAC is clear. It does so as part of its united-front strategy, to have U.S. Forces withdraw from the ROK and to nullify the ROK-U.S. security treaty. In a word, it seeks to consolidate a base for achieving reunification under communist terms. We do not oppose the replacement of the agreement, the easing of tension on the Korean peninsula, and the building of a peace mechanism. However, the parties to those efforts must be North and South Korea. Even the North-South basic agreement, which was adopted in December 1991 at the North-South high-level talks, stipulates that the "North and South shall make joint efforts to turn the armistice into peace between the North and South." Therefore, talks between the responsible authorities of the North and South must be held first to replace the Armistice Agreement with a peace agreement, and the current armistice must be preserved until the North and South sign a peace agreement.

The most urgent task in North-South relations is the recovery of mutual trust. Toward that end, the North and South must return to the spirit of the North-South basic agreement. President Kim Yong-sam, too, stressed



in his congratulatory speech on the 50th anniversary of the national liberation that the joint denuclearization declaration and other North-South agreements must be honored. North Korean authorities must bear this in mind. Only North and South Korean authorities can solve all problems concerning the Korean peninsula.

#### **Flood Control Office Downgrades Flood Warning**

*SK2608091995 Seoul YONHAP in English*  
0911 GMT 26 Aug 95

[FBIS Transcribed Text] Chongju, North Chungchong Province, Aug. 26 (YONHAP) — The Miho River running through the Chongju region, North Chungchong Province, averted feared flooding Saturday afternoon as the water level that reached 9.2 meters in excess of the danger mark of 9 m Friday afternoon receded to 5.5 meters Saturday afternoon.

The Kum River flood control office accordingly downgraded the flood warning issued along the river to flood alert as of 8 AM Saturday, and permitted over 200 evacuated residents in a downstream village to return to their homes.

The Miho River should maintain safe water level unless a rainfall of more than 200 mm hit the area under the influence of Typhoon Janis that is moving northward from seas off Kunsan, a disaster control official said.

In the meantime, Cheju island and Mokpo were unaffected by Typhoon Janis Saturday afternoon, according to the weathermen.

#### **Typhoon Janis Leaves 50 Reported Dead, Missing**

*SK2708035395 Seoul THE KOREA HERALD*  
in English 27 Aug 95 pp 1, 3

[Report by Kang Sung-chol]

[FBIS Transcribed Text] Torrential rains pounded already swamped central parts of the nation yesterday through this morning, causing the worst floods in five years, as Typhoon Janis passed over the peninsula into the East Sea [Sea of Japan].

Fifty people have been killed or reported missing in the heavy rains that have lashed the nation since Wednesday, relief officials said.

Typhoon Janis dumped more rain, up to 200 mm in some regions, inundating farm-lands, washing away roads and causing landslides.

It hit the bay of Haeju, North Korea, last night, crossed the central parts of the nation and moved into the sea off Wonsan this morning.

Poryong in South Chungchong Province had registered the largest rainfall of more than 620 mm by yesterday. Precipitation exceeded 300 mm in Seoul and most other central regions.

Hundreds of homes were inundated by floods caused by the rains, and some 16,000 people were evacuated to temporary shelters set-up in schools and town halls.

Thousands of residents in low-lying areas along major rivers were evacuated as flood warnings were posted.

The additional rains caused concern that the water level of the Han River, which bisects Seoul, would rise again. It stood at 8.5 meters, two meters below the alarm level, last night.

The water level rose to a five-year high of 10 meters Friday night, but receded yesterday.

Traffic is closed on the bridge once the water reaches the alarm level, which is measured on the Hangang Bridge linking Yongsan and Noryangjin.

Seoul City officials, meanwhile, said there was little chance that the river would overflow its embankments. They asserted that the embankments were built to withstand floods till the water level reaches 18 meters.

Residents along the Kum River, which flows through Chungchong Provinces, were also alerted of possible flooding.

The rains triggered a number of accidents such as a train derailment, landslides and the electrocution.

Hardest hit by the rain were provinces just south of Seoul, where flood waters swamped 10,000 ha of farmland.

Operations at major railway lines resumed yesterday, but traffic was slow as more landslides were threatened. One line remained paralyzed.

Severe traffic jams were reported throughout Seoul during rush hours as the swollen Han River submerged major commuting roads along the riversides.

Most coastal ferry services were suspended, stranding thousands of commuters and travelers. Airlines reported delays and flight cancellations.

The property damage was estimated at 52 billion won (about \$68 million), but relief officials predicted that it would increase to surpass 100 billion won.

Weathermen predicted that the skies will begin to clear this afternoon.



## Burma

### Suu Kyi Discusses Economic Aid, Political Role

BK2508125295 Hong Kong FAR EASTERN  
ECONOMIC REVIEW in English 31 Aug 95 p 26

[Interview with Aung San Suu Kyi by correspondent  
Gordon Fairclough; place and date not given]

[FBIS Transcribed Text] [Fairclough] **What can other  
countries do to help Burma?**

[Aung San Suu Kyi] There has been a debate over how  
far pressure and constructive engagement have worked.  
There is no argument about the fact that change is  
necessary. There is only argument over how change  
can be brought about. These days when economics and  
politics are so closely linked, those who are involved  
economically can hardly avoid being more positive in  
bringing about the necessary changes.

[Fairclough] **What do you think about Japan's deci-  
sion to resume aid?**

[Aung San Suu Kyi] I think they should watch and see  
a bit and not rush into it. Aid should get to people who  
need it most and it should be given in the right way at  
the right time. If it is a reward for my release, I'm just  
one political prisoner released, and there are others as  
well. The change in condition of just one person is not  
enough.

[Fairclough] **What about the businessmen here?**

[Aung San Suu Kyi] I really think they should take  
a broader view of the returns they can expect from  
the country. A country that is stable . . . offers more  
economic opportunities. In a country where people feel  
their will is flouted, where they are frustrated by political  
conditions, there can be no stability. Even if they're just  
interested in making a lot of money, in the long-term,  
that's more likely in a country with a stable society.

[Fairclough] **Do you think that the government's  
effort to liberalize the economy has made much of  
an impression on people?**

[Aung San Suu Kyi] I think it has made an impression  
on some people. The vast majority of people in Burma  
live in rural areas. For them, I don't think we can say  
the economic changes of the past six years have had  
that much impact.

[Fairclough] **How do you see your role in politics in  
the months and years ahead?**

[Aung San Suu Kyi] Well, I'm not thinking years ahead.  
In the months ahead, obviously my role is to try to get  
dialogue started as soon as possible. I hope the military  
will understand that in the end, the only way to solve  
the country's problems is through dialogue.

[Fairclough] **What if Slorc [State Law and Order  
Restoration Council] doesn't talk to you?**

[Aung San Suu Kyi] Well, we'll have to persevere. In  
the end, all problems end at the negotiating table. Even  
wars end at the negotiating table. I'm sure one day we'll  
all end up at the negotiating table, and the sooner the  
better for the country.

[Fairclough] **Can the National League for Democracy  
live with a constitution that sets aside parliamentary  
seats for military officers?**

[Aung San Suu Kyi] The National League for Democ-  
racy promised people that we would give them a gen-  
uine democratic system. That was the promise on which  
the NLD [National League for Democracy] won the  
elections, and we will have to honour that promise.

### Dissidents Form Military Pact To Aid Karenni

BK2608102695 Hong Kong AFP in English  
1010 GMT 26 Aug 95

[FBIS Transcribed Text] BANGKOK, Aug 2 AFP) —  
Four dissident groups in Burma have formed a military  
alliance to help ethnic Karenni in their fight against  
Burmese troops in the eastern state of Kayah, a joint  
statement said Saturday.

Leaders of the Karenni National Progressive Party  
(KNPP), All Burma Students' Democratic Front, Mer-  
gui/Tavoy United Front and Social Democrats, Burma  
met at a clandestine location in Burma near the Thai  
border last week, it said.

The meeting was held to seek an "appropriate way  
to help the KNPP" after Rangoon allegedly violated a  
ceasefire agreement by mobilizing troops into Kayah  
State to "wipe out KNPP members from their native  
area," the statement said.

Rangoon allegedly sent several thousands soldiers  
across the Salween River into KNPP-designated areas  
in June, breaking a ceasefire pledge made with the  
ethnic group in March.

The Burmese troop presence there was seen as Ran-  
goon's attempt to secure its logging routes in the timber-  
rich state.

According to the statement, the alliance was formed to  
"support the KNPP in its just struggles and to initiate a  
genuine countrywide national reconciliation."

But no joint military actions or immediate concrete  
measures against the Burmese troops were mentioned  
in the statement which said only that the alliance would  
strengthen the line of communication, exchange of  
information and cooperation among the members.



The four-group military pact also urged the international community to impose effective sanctions against SLORC until a genuine democratic government is formed, the statement said.

SLORC is the acronym of the State Law and Order Restoration Council, the official name of the Burmese junta.

## **Brunei, Malaysia & Singapore**

### **Malaysia**

#### **'Marginal Impact' Expected From GSP Withdrawal**

*BK2608123595 Kuala Lumpur THE STAR in English 26 Aug 95 p 8*

[FBIS Transcribed Text] Kuala Lumpur — The Clinton administration's decision to withdraw the Generalised System of Privileges (GSP) from Malaysia will only have a marginal impact on local manufacturers who export to the United States.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said manufacturers were not unduly worried over the withdrawal of the GSP and were more concerned with fluctuations in foreign exchange which had in some cases eroded their profits.

"There are no more negative impact which they cannot handle," she said.

The US has announced that it was phasing out Malaysia from the GSP beginning Jan 1, 1997, as the country had graduated from the aid meant for developing countries.

Rafidah said in her meeting with manufacturers on Thursday that they would have to increase productivity, cut costs besides using the right marketing strategy.

"They will have to overcome marginal tariff differences to remain competitive," she said, adding that the GSP removal would not hit manufacturers badly as the US had announced a gradual lowering of tariffs for goods.

"The GSP preferential treatment of three percent tariff will be gradually lowered to 2.5 percent and two percent a year later to almost zero tariff by 1999," she said.

Rafidah said even if the GSP was not withdrawn, almost 56 percent of local manufacturers exporting to the US would still be disqualified from preferential treatment due to the lowering of the comparative needs level (CNL) from US\$114 million (RM282 million) [Malaysian currency] worth of goods to US\$75 million (RM186 million).

She said the government would help promote Malaysian goods in the United States by seeking diversified mar-

kets but that no incentive would be given to manufacturers "because we believe the industry is resilient enough."

Earlier, Rafidah witnessed the signing of a memorandum of understanding for the country's first RM150-million tyre cord fabric joint venture between Seacorp Venture Capital Sdn Bhd [private limited], Kampong Yan Corporation Sdn Bhd, Silver Image Investments Ltd and Indonesia's PT [private company] Branta Mulia.

#### **Mahathir Reviews South Africa, Namibia Visits**

*BK2708142995 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 27 Aug 95*

[FBIS Translated Excerpt] Malaysia will open a high commission in Windhoek, Namibia. Namibia will do likewise in Kuala Lumpur. The two countries agreed to open their respective high commissions during Datuk Sri Dr. Mahathir Mohamed's visit to Namibia. The prime minister said this to reporters at Kuala Lumpur International Airport in Subang.

[Begin Mahathir recording, in progress] In fact, trade between Malaysia and South Africa has increased so considerably that South Africa has become Malaysia's largest trade partner in Africa although our trade with South Africa is only two years old. Malaysian-South African trade in the first four months of this year increased by 400 percent compared to the first four months last year. [end recording]

On the Bosnian conflict, Datuk Sri Dr. Mahathir Mohamed said the Organization of Islamic Conference should adopt a common stand on the handling of the conflict in the former Yugoslav republic.

[Begin Mahathir recording, in progress] ...because we know that the West will prevent us from supplying or selling arms to Bosnia so that the Bosnian Muslims will remain unarmed and easily slaughtered by the Serbs. This is the Western intention. I say it openly. [end recording]

Datuk Sri Dr. Mahathir Mohamed returned home after concluding week-long official visits to South Africa and Namibia. [passage omitted]

#### **Minister Views Employment Issues, Labor Unions**

*95SEG176B Kuala Lumpur UTUSAN MALAYSIA in Malay 21 Jul 95 pp 1, 2*

[FBIS Translated Text] Kuala Lumpur, 20 Jul—Malaysia is now trying to provide full employment for the people, with the unemployment rate declining from 6.3 percent in 1989 to 2.8 percent this year because of strong economic growth.



Minister of Human Resources Datuk Lim Ah Lek, who is pleased with this development, said this encouraging economic growth has caused continuing growth in jobs, exceeding the growth of the labor force.

He said figures show that 7,832,000 people were working at the end of last year.

Speaking to inaugurate a meeting of the National Labor Advisory Council here today, Lim also expressed his pleasure over the changed attitude of labor unions, which are now willing to discuss disagreements with companies.

He said talks between management and labor unions have been successful in resolving 90 percent of the cases referred to the Industrial Relations Department.

According to Lim, this success can reduce the load on the Industrial Court, which is in the process of resolving backlogged cases.

#### Discussions

"I am pleased that parties to disputes have now begun to change their approaches to discussions to more mature and professional cooperation.

"Both parties in a dispute first receive the facts of the company's true economic condition and then are prepared to cooperate on each issue they face together," he said.

He said these developments must be encouraged for the sake of guaranteeing a more peaceful and harmonious industrial relations atmosphere among management, labor unions, and workers.

"Backlogged cases have been reduced from 990 in 1993 to 750 as of May of this year. The goal of the Industrial Court is to reduce the unresolved cases to 650 by the end of this year," he said.

In this connection, he praised the willingness of CUEPACS [Congress of Unions of Employees in the Public and Civil Services] to hold talks with the JPA [Public Services Department] on resolving the salary demands of 850,000 public employees in this country.

Such willingness, he added, shows that CUEPACS can compromise and accept recommendations made to it in its effort to bring the desires of union members to realization.

He stressed that labor unions play an important role in standing up for the welfare of workers, and the unions must not be controlled by feelings.

This, he said, clearly shows the country is not yet facing a serious shortage of human resources.

Meanwhile, Lim called on managers to take immediate action to study weaknesses in the human resource management system, while improving their skills and ability in this area.

He said the problem now faced by managers is not the lack of human resources but weakness in their management.

"Human resource management that is good and always concerned about the problems and welfare of workers will be able to create groups of workers who are productive and possess an attitude of togetherness," he said.

He said that workers who are productive and committed to their organization are much needed for moving the country toward the goal of Vision 2020.

As for that, he said, management services that are commensurate with worker needs reduce the problem of worker turnover, which can have an unhealthy effect on industry and the labor scene in this country.

The meeting was also attended by MTUC [Malaysian Trade Union Congress] President Zainal Rampak, CUEPACS President Mohamad Mat Jid, and several other labor union leaders.

### Singapore

**Goh Questions Scope of Murayama's War Apology**  
*OW2608112795 Tokyo KYODO in English*  
1025 GMT 26 Aug 95

[FBIS Transcribed Text] Singapore, Aug. 26 KYODO — Singapore Prime Minister Goh Chok Tong questioned Saturday [26 August] whether Japanese Prime Minister Tomiichi Murayama's Aug. 15 statement on the 50th anniversary of the end of World War II was purely personal.

The Singaporean leader posed the question during talks with Taku Yamasaki and two other legislators of the Liberal Democratic Party (LDP), the dominant group in Japan's ruling coalition, Japanese officials said.

They said Goh praised Murayama's sincerity for acknowledging and apologizing for Japan's wrongdoing in the war but asked the Japanese lawmakers if his statement reflected the views of the Japanese people as a whole.

Goh was also quoted as saying he has not been aware of statements of apology made by LDP figures.

Yamasaki and the two other Diet members told Goh that the Japanese cabinet had approved Murayama's statement and that 60 percent of the cabinet are LDP



lawmakers, including Foreign Minister Yohei Kono and International Trade and Industry Minister Ryutaro Hashimoto.

In the Aug. 15 statement, Murayama said in part, "During a certain period in the not too distant past, Japan, following a mistaken national policy, advanced along the road to war, only to ensnare the Japanese people in a fateful crisis, and through its colonial rule and aggression, caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations.

"In the hope that no such mistake be made in the future, I regard, in a spirit of humility, these irrefutable facts of history, and express here once again my feelings of deep remorse and state my heartfelt apology," he said.

### Cambodia

#### Khmer Rouge Oppose Japanese Aid to Phnom Penh

*BK2708144995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 27 Aug 95*

[Unattributed commentary: "Villainous Japan Gives Money to the Two-Heads To Encourage These Communist Vietnamese Lackeys To Carry on the Communist Vietnamese War of Aggression Against Peace and National Reconciliation in Cambodia"]

[FBIS Translated Text] Since the two-heads are heading toward disintegration on the battlefield, especially in this rainy season, Japanese Foreign Minister Yohei Kono came to Phnom Penh to give the two-heads over \$10 million to encourage these communist Vietnamese lackeys to carry on the communist Vietnamese war of aggression against national reconciliation and peace in Cambodia.

Can this sum of over \$10 million save the two-heads? Last year, the alliance that includes Japan gave the two-heads billions of dollars, but the two-heads have not recovered. On the contrary, they have continued heading toward all-round disintegration.

Can this more than \$10 million solve anything for them? No. Almost all of this \$10 million has already been swindled by Hun Sen, Chea Sim, Ranariddh, and the other arch corrupt elements.

The communist Vietnamese war of aggression in the past 17 years has caused great misery to the Cambodian people. At present, over 5 million Cambodians are starving. If this war continues, the Cambodian people will suffer even more seriously, and peace, security, and stability in this region will be threatened further.

Therefore, the Cambodian people call for an end to this war. War cannot solve anything. It cannot build the country nor can it solve the people's livelihood.

It is thus imperative to seek ways to end the war. Only by ending the war and achieving genuine peace and national reconciliation can we build the country and improve the people's livelihood.

#### Ranariddh Criticizes Reporting of Foreign Press

*BK2608093395 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 25 Aug 95 p 2*

[Report by Vanna]

[FBIS Translated Text] Before opening the cabinet's plenary session on 23 August Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia [KOC], said that foreign newspapers and opinions are distorting the current situation in the KOC.

The prince krompreah further stated that this distortion is brought about by very frequent reports by foreign newspapers painting a bad picture of the KOC.

The prince said that those people did not pay attention to the achievements the KOC has made during the past two years.

Concerning this criticism by foreign newspapers, the prince krompreah advised government members, ministries, and state secretariats under the government to prepare their own publications showing their respective achievements to mark the two-year anniversary of the Royal Government in early November.

The prince further stressed that once these publications are prepared, they will be the basis for providing information to the international community, as well as the foreign press, to make them understand and realize the real situation in Cambodia and what we have achieved over the past two years, and also to prevent them from reporting too many untrue stories.

The prince krompreah stressed that these publications should be well produced. Once they are consulted, people will clearly realize the achievements and results scored by Cambodia, as well as the significance and the progress of the Royal Government of Cambodia.

#### Attempt To 'Intimidate' Foreign Press Cited

*BK2708100295 Hong Kong AFP in English 0130 GMT 27 Aug 95*

[FBIS Transcribed Text] Phnom Penh, Aug 27 (AFP) — A bid by Cambodia's co-premiers to charge a U.S.-owned newspaper with criminal disinformation is a



veiled warning to the foreign press to treat the country with kid gloves, observers said.

"This is a serious attempt to intimidate the foreign press," an adviser to Cambodia's parliament told AFP. "It's an attempt to intimidate anyone who covers the government."

Michael Hayes, the co-owner and publisher of the fortnightly PHNOM PENH POST newspaper, could be sentenced to up to nine years in prison and face hefty fines if tried and convicted of disinformation and incitement.

He declined to comment on the matter until charges are officially filed.

But a human rights official here said there was no doubt as to the reasons for the complaint. "Certainly this should be viewed as a warning, even a threat," he said.

The charges are being sought under laws established by the United Nations during their peacekeeping mission here, according to a copy of the complaint letter seen by AFP.

Cambodia's controversial new press law which calls for fines and possible jail sentences for publishing information "affecting political stability and national security" was passed by parliament last month, but is still unsigned by King Norodom Sihanouk.

The premiers' complaint centres on a story entitled "Security Jitters While PM's Away" published on March 24.

They allege that the article, which gave details of behind-the-scenes intrigue in the capital while the premiers were attending an aid meeting in Paris in March, was false and damaged the country's reputation.

A court has yet to make a decision as to whether the POST should be charged following the complaint which was made public last week, and which came amid a tough government crackdown on opposition Khmer-language newspapers.

At least four editors or publishers of Khmer-language papers have been fined or jailed since 1994 on similar grounds as the POST, while four others have been informed they will be brought to trial soon.

Minister of Information Ieng Muli said the complaint against the POST shows that the government is being even-handed in applying the press laws.

"To be fair we must treat all newspapers the same," he told AFP. "There cannot be two classes of newspaper, two sets of rules."

Still, observers say, if charges are brought against the POST, an unsettling precedent will have been set that should worry the three other foreign-owned Western-style newspapers in Cambodia.

"The cases against the Khmer press are in a slightly different category because they have been prosecuted for articles that are mostly opinion," the rights official said.

"The PHNOM PENH POST and (other Western-style newspapers) are more troubling to the government because they deal with facts that can be proved to be true.

"They bring to light the inner workings of government and that bothers them far more than opinions that are sometimes insulting," the official said.

Founded in 1992, the fortnightly 5,000-circulation PHNOM PENH POST, extremely popular with Cambodia scholars and watchers abroad, is the oldest existing independent paper in Indochina.

Because it is read by foreign officials and bureaucrats — especially in the United States — some think bringing charges against it will hurt the government. "They are committing international aid suicide," said a foreign lawyer closely involved with free press issues here. "This is going to cost them a lot of money because this paper is read in Washington and if there is one hot issue for the U.S. Government it is freedom of the press."

But government officials say they don't see what all the fuss is about.

"This is a question of rights," Ieng Muli said. "It is the right of the press to publish, but it is also the right of government to react and protest.

"You do your business and the government will react according to its feelings and how it sees the situation."

#### **Ranariddh Addresses Seminar on Diplomatic Work**

*BK2608132795 Phnom Penh REAKSMEI*

*KAMPUCHEA in Cambodian 26 Aug 95 pp 1, 11*

[Report by Dararit]

[FBIS Translated Excerpt] Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, said that information is indispensable to Cambodia's foreign diplomacy. Lack of information is the weak point that allows others to attack us all the time whenever we lack information from inside and from outside the country.

The prince krompreah stated this at a three-day seminar reviewing the 1995 diplomatic work held at the Ministry



of Foreign Affairs and International Cooperation from 24 to 26 August. [passage omitted elaborating on the purpose of the seminar—to review, assess, and improve diplomatic work]

Prince Krompreah Norodom Ranariddh further said that he is still concerned about the mission, attitude, and leadership of our ambassadors who have to carry out their duties with honor, pride, and dignity. Furthermore, the ambassadorial mission does not represent any party; it represents the Royal Government of Cambodia and should be neutral. [passage omitted citing Ranariddh pointing out the need for ambassadors to try to secure aid from the host countries for Cambodia; to explain to foreign communities the situation in Cambodia; and to protect the country's interest].

The prince krompreah pointed out that it is obvious that there has been criticism from opposition parties and human rights organizations in Geneva over corruption, human rights, democracy, press freedom, casino, sam rangsi, and so on. The majority of our ambassadors, however, have not received explanatory communiques or rejections from the Royal Government; even the Foreign Ministry had to wait at least half a month before receiving information from the Royal Government. This is our weak point — this lack of information.

#### **Columnist Views Political Trends, Regroupings**

*BK2808014895 Phnom Penh REAKSMEI*

*KAMPUCHEA in Cambodian 26 Aug 95 pp 1, 2*

[From the "This Issue's Comment" column by Meanop: "The Political Tendencies of Various Political Parties for 1998"]

[FBIS Translated Text] There are three more years to go before the 1998 election is held. It is still a long way off, but some political parties seem to be preparing themselves for this contest. At the same time, some politicians are preparing to form new parties while some old political parties are trying to split themselves into two in an attempt to solve internal rifts.

Ieng Muli has been approved as the chairman of the Buddhist Liberal Democratic Party [BLDP] at its congress on 9 July. His chairmanship of the BLDP has been officially welcomed and supported by the prince krompreah chairman of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia [FUNCINPEC] and Samdech Hun Sen, vice chairman of the Cambodian People's Party [CPP] — the two big ruling parties in the government — as well as by Toek Ngoi, chairman of the Liberal Progressive Republican Party, which has already cut short its political prospects.

Samdech Son Sann and his colleagues, whose removal from the National Assembly has been requested by Ieng Muli, will hold their congress on 1 October to elect a new chairman and a new structure for the party with the same name, symbol, and seal as Ieng Muli's BLDP, thus there will be two parties with the same name — this is not allowed in the election.

Dien Del, following the death of Gen. Sak Sutsakhan, is also preparing to hold a congress to elect a new chairman and select a new structure for the Liberal Democratic Party, another party that has split from the BLDP. This means that the BLDP has split into three.

It has been reported that Sam Rangsi is also preparing to form a political party with a number of members; however, their official namelist has not yet been disclosed.

Prince Krompreah Norodom Ranariddh, FUNCINPEC chairman, who is currently the first prime minister, has proposed that the three big parties in the coalition government sign a pact to jointly build the country so as to profit from any success in doing this in the 1998 elections, which will enable them to form another coalition government together. The prince krompreah said in Kandal Province on 19 August: "If CPP Chairman Samdech Chea Sim, BLDP Chairman Ieng Muli, and I as the FUNCINPEC chairman sign an agreement to jointly build the country, we will certainly win in the 1998 elections."

According to the prince krompreah, the alliance of these three big parties is in line with the principle of national reconciliation and national accord of His Majesty King Norodom Sihanouk of Cambodia, who is now 73 years old.

On 19 August, Ieng Muli officially announced his support for the initiative to form a coalition government in 1998. However, the CPP has not yet made any official announcement on this matter. However, some politicians in this party said they believed that the CPP might accept this idea of the prince krompreah.

If the three big parties really forge an alliance, they will definitely win in the 1998 elections. The other parties will not be able to win the majority vote even if they will follow this example. They might get just a few seats in the National Assembly.

The present Cambodian coalition government has worked together harmoniously although it has two prime ministers and three pairs of co-ministers and despite the fact that it has to move along a road full of conflicts and envy. This form of compromise that has enabled the government to remain in office for more than two years is certainly an appropriate formula for the next coalition government, which will have only



one prime minister. This is because the Cambodian nation has had enough conflicts and quarrels. We are satisfied with the coalition for national development, and reject any tendency in the direction of dictatorial power.

### Indonesia

#### Netherlands Announces Export Credit Package

BR2208150395 *Amsterdam HET FINANCIEELE DAGBLAD in Dutch 22 Aug 95 p 1*

[Unattributed report: "Millions of Guilders of Credit Ensures Orders"]

[FBIS Translated Text] Jakarta — Economic Affairs Minister Wijers is to make 245 million guilders [G] available for export facilities to Indonesia over the next seven years. Various Indonesian ministers have reacted positively to the measure. The Indonesian Government has not yet given a formal reaction.

Wijers made the announcement on Monday [21 August] in Jakarta. The minister said his Indonesian colleagues could not yet react formally because the decisionmaking process in The Hague had taken a long time. The new financial package is part of the realignment of foreign policies. The "thinking process" on this subject led to the conclusion that more money would have to be made available for exports to rapidly growing economies. The new measures are to take effect from 1 January 1996.

The support package, which mainly concerns the export of capital goods, is divided into four parts. About G200 million is available for expanding matching facilities. This means that exporters will be able to get a subsidy of between 35 and 40 percent for Indonesian priority projects. As a result orders worth between G500 and G750 million can be expected.

Wijers also made available G25 million to increase interest subsidies. The existing regulations, which are carried out by Senter [independent agency charged with implementation of Economic Affairs Ministry policies], will be extended. This will facilitate the financing of an expected G750 million in orders.

Wijers said these measures were necessary because in past years it had proved that Netherlands industry was no longer able to operate competitively on the Indonesian market. "It must be able to have at its disposal the same facilities as industry in Germany, France or the United States," he said. Following the Indonesian Government's refusal in 1992 to continue to accept Netherlands development aid, exports of capital goods to Indonesia have fallen strongly.

In addition the financial package contains G20 million for technological cooperation between Netherlands and

Indonesian top institutes. However, this is subject to the condition that the programs are supported by Netherlands industry. The exchange of students, who go on to follow training in a company, will also be paid for from this fund. Finally some G7 million will be made available for carrying out feasibility studies.

The managers of the some six companies who have followed Wijers to Jakarta signed a large number of contracts and cooperation agreements on Monday. VNO/NCW [Association of Netherlands Businesses/Netherlands Christian Employers Association] chairman Rinnooy Kan estimated the value of the overall package at G1.25-G1.5 billion.

#### Official Interviewed on Aircraft Production

BK2408123595 *Jakarta BISNIS INDONESIA in Indonesian 11 Aug 95 p 1*

[Interview with B.J. Habibie, Indonesian state minister for research and technology and director of Nusantara Aviation Industries, by BISNIS INDONESIA correspondent Yosef Ardi in Bandung on 10 August]

[FBIS Translated Text] [Ardi] What is the significance of the maiden flight of the N-250 aircraft for IPTN [Nusantara Aviation Industries] and the Indonesian people?

[Habibie] A maiden flight is usually a company secret, but because the N-250's flight involved more than technical matters, we decided to make it a public event. Following the N-250's successful maiden flight, several cabinet ministers quickly said they can now walk tall anywhere they go. Nevertheless, whether the N-250 development project will be successful or not all depends on the members of parliament.

[Ardi] The IPTN has received purchase orders for 191 N-250's. Will the successful maiden flight raise the number of orders?

[Habibie] Frankly, I believe many quarters still lack confidence in the N-250's capability, but following the successful maiden flight they will come in droves to learn more about the plane. According to our projections, the break-even point for our \$650 million investment will be reached in five years with the sale of 269 planes, assuming that we produce one plane per week.

Another projection by the AMRAI [expansion unknown] company says it will be able to sell two planes per week. If we count the production plant in Bandung, this means we will be able to produce three planes per week and the break-even point will be reached in three years.

[Ardi] What is the IPTN's next step?



[Habibie] We are trying to obtain flight certificates from several domestic and international aviation agencies. We expect to get certificates from the domestic aviation agency and the FAA by June and December 1997, respectively. Therefore, it is hoped that we will make our first delivery of these planes by the first quarter of 1998.

[Ardi] Will the U.S. plant produce N-250's before the one in Bandung?

[Habibie] No, because there is only one assembly facility in the United States. In other words, AMRAI is heavily dependent on the Bandung-based IPTN. So we have decided to expand the production facility with an additional 10 hectares of land. President Suharto has agreed to move the Indonesian Air Force facilities to another area so the IPTN can use them. As for compensation, the National Development Planning Agency will handle it.

As for AMRAI, we have obtained 15 hectares of land in Alabama complete with electricity, telephones, and other facilities. In addition, the place has been given a special name — Gatotkaca Boulevard — and the annual rent is only \$1 per square meter.

[Ardi] What is the main obstacle to marketing the planes?

[Habibie] I think the main problem is not with the marketing of the planes but with the financial support for marketing. Therefore, the Finance Department, the Central Bank, and the Strategic Industries Management Agency plan to set up a leasing [preceding word in English] company that will be in charge of marketing not only the N-250 but also other products of the strategic industries state agencies, including ships like the Palindo Jaya and trains like the Argo Bromo.

[Ardi] Early this year, you requested an export loan facility from the government, but the government had no funds available. What is the solution to this issue?

[Habibie] The leasing company is a profit-oriented institution, not a social one, and it will not subsidize the aviation industry. We are now negotiating with the U.S. Gulfstream company, which is interested in buying 10 N-250's. The problem is not with the planes but with the absence of financial support for the purchase. Therefore, it is important to have a leasing company to conclude the deal.

It also depends on the government whether all the company's shares will be owned by the private sector. It is not important to us who owns the shares because we will receive cash. If you ask me why the finance minister is involved in this matter, it is because he represents

the government, which is a shareholder in the strategic industries agencies.

[Ardi] Does the establishment of the leasing company mean that the strategic industries agencies no longer need the export loan facility?

[Habibie] I hope so. Let us wait and see. I hope the leasing company will be established in December because the president has given his support.

[Ardi] Several private companies have expressed their readiness to finance the sale of 16 CN-235's to Merpati Airlines. Why not use their services?

[Habibie] I believe we must create a kind of competition among the leasing companies. The best among them will be favored by consumers. For this reason, I rejected a request by a company based in the United Arab Emirates to handle all sale transactions of the strategic industries agencies. I do not think it is proper.

[Ardi] Why was the birth of the N-250 surrounded by controversy?

[Habibie] Our people are highly heterogeneous and the number of those who enjoy a higher education is limited. We also suffered from a lack of opportunities when our country was colonized for 350 years. Therefore, I see controversy as something normal rather than a threat. I see it as a challenge.

[Ardi] Will the government still have to provide a large amount of funds to develop the N-2130 plane?

[Habibie] According to our projection, the N-2130 project requires a \$2 billion investment. The funds will come not only from the government but also from the sale of shares. If each share costs \$1,000, we will only sell 2 million shares. We must remember that our country's middle class is growing steadily.

**Former Minister on Need for New Economic Policy**  
95SE0171B Jakarta SUARA KARYA in Indonesian  
17 Jul 95 p 4

[FBIS Translated Text] Jakarta (SUARA KARYA)—The government has great power to change economic policies to those that are free of monopolistic practices or cartels. Prof. Dr. Emil Salim believes it very possible that the government will be motivated to roll out such new policies, because both domestic and foreign factors will become increasingly pressing. Domestically, he said, the pressures are in the form of conditional demands for creation of healthy competition. Similar pressures will come from overseas, consistent with government commitments to various kinds of international cooperation, such as AFTA [ASEAN Free Trade Area].



the WTO [World Trade Organization], and APEC [Asia Pacific Economic Cooperation].

Emil Salim is therefore optimistic that as the year 2000 approaches, the national economy will be free of monopolistic practices and cartels. In reply to questions from reporters Saturday [15 July] in Jakarta, the former minister in Development Cabinets I through IV, said it appears that in the near future the government will be motivated to create new policies oriented to healthy competition.

Emil Salim said that national economic policies over the last 25 years have indeed been able to bring Indonesia into the middle group of nations. Nevertheless, he said, this success has not been without excesses. "Monopolistic practices and cartels are evidences of those excesses," Emil Salim said.

For him, that fact shows that the policies used throughout the First Long-Term Development (PJP) can no longer be maintained. He said that domestic conditions, as well as international demands, require the government to change its economic policies. "I am confident that we will be able to do that big job," said the managing chairman of the Committee for the Commemoration of 50 Years of Indonesian Independence.

Emil Salim warned that if the domestic market continues to be marked by protection of a small group of businesses, the national economy will be unsound. From another aspect, this situation will also prompt other countries to complain about Indonesia to the Dispute Settlement Body of the World Trade Organization (WTO).

"Therefore, it is clear that the government will try to eliminate deviative practices from the economy. The government will continue to lower tariff and nontariff barriers, besides strengthening the capabilities of small businesses and cooperatives," Emil Salim said.

He added that the capabilities of small businesses and cooperatives absolutely must be strengthened. They must be constantly encouraged until they can catch up with the progress made by big businesses.

"Such encouragement is needed because the government itself has made a commitment to those small businesses and cooperatives. Now it remains for us to find a way to open access for them to capital, markets, and technology," Emil Salim added.

He admitted that steps in that direction require a process, particularly, he said, because the economic scene is a tug of war among interests.

#### **Bank Governor Denies Rupiah Devaluation Rumors**

*BK2408142295 Hong Kong AFP in English*  
*1407 GMT 24 Aug 95*

[FBIS Transcribed Text] JAKARTA, Aug 24 (AFP) — The governor of Bank Indonesia on Thursday refuted rumors that Indonesia would devalue the rupiah, a report said.

"All the rumours are engineered," Governor Sudrajat Jiwandono said at a press conference dedicated to the issuance of two new bill notes, quoted by AFX Asia, an AFP-affiliated financial service.

He declined to elaborate.

The US dollar has appreciated by 1.78 percent against the the rupiah over the last six trading days, from 2,244 rupiah to 2,285 rupiah.

Dealers said it was the highest percentage climb against any Asian currency during that period.

The rupiah came under trading pressure in Singapore Thursday after sinking to an historic low of 2307 rupiah against the greenback overnight on the rumors.

Jakarta-based foreign bankers have also dismissed as unsubstantiated the speculation over a possible devaluation of the rupiah. Some dealers said the rupiah weakened as a delayed response to the dollar's appreciation against major currencies last week.

In Jakarta, the Bank Indonesia middle rate for the dollar remained stable on Thursday at Wednesday's rate of 2,264 rupiah.

It closed the first day of trading this week on Monday at 2,263 rupiah, which was the same rate it closed on Friday the previous week.

#### **Vice President Receives Romanian Delegation**

*BK2408103195 Jakarta Radio Republik Indonesia*  
*Network in Indonesian 0700 GMT 24 Aug 95*

[FBIS Translated Text] Romania wants to expand cooperation with Indonesia, Adrian Nastase, speaker of the Romanian Assembly of Deputies, said while paying a courtesy call on Vice President Try Sutrisno at Jakarta's Merdeka Palace this morning. Nastase is leading a Romanian parliamentary delegation to Indonesia.

Sumadi, spokesman of the Vice Presidential Office, told reporters that the Romanian parliamentary delegation has called for a review of the cooperation agreement between Indonesia and Romania because there is still room for improvement in bilateral ties. More exchange visits by the two countries' officials are also needed.



Vice President Sutrisno called for follow-up actions to the Romanian parliamentary delegation's visit. Related agencies in Indonesia are urged to review existing cooperation agreements and make preparations for more concrete cooperation programs. Bilateral trade volume is now still small. Romania's exports to Indonesia stand at \$90 million, while Indonesia's exports to that country stand at only \$10 million.

### Philippines

#### PRC Military Exercises in Spratlys Viewed

*BK2808073095 Manila PHILIPPINE DAILY INQUIRER in English 24 Aug 95 p 3*

[Report by Carlito Pablo]

[FBIS Transcribed Text] China will conduct air and naval exercises over the disputed Spratlys Islands, Defense Secretary Renato de Villa yesterday said.

De Villa told members of the House appropriations committee that defense officials recently gathered this information from "open sources."

De Villa did not indicate how these military exercises will affect the situation in the Spratlys although it is likely that such will heighten tension in the area.

De Villa said the Department of National Defense is "watching this closely" as China has not shown any indication of vacating Mischief Reef.

The Philippines is claiming Mischief Reef as part of its territory in the Spratlys which is believed to be rich in oil and mineral resources.

Chinese troops have occupied Mischief Reef, causing tension to rise in the disputed territory, which is being claimed wholly or in part by four other countries — Taiwan, Vietnam, Malaysia, and Brunei.

De Villa said the Philippines is pursuing the call made by President Ramos for the demilitarization of the area.

De Villa, however, said that Manila is ready for any change of course "when necessary."

De Villa evaded questions raised by Rep. [Representative] Hernani Braganza on whether Philippine troops stationed at the Kalayaan can put up a sound defense in case of invasion by Chinese troops.

"There is no question of our will to defend our territory," he said. "We will defend it with what we have."

"There is no categorical answer," he added.

De Villa, however, said that it is unlikely that China will resort to force in order to assert its claim over the whole Spratlys.

De Villa stressed that the country is not inclined to increase its military presence in the area unlike what is being done by other claimants.

De Villa said a Philippine buildup will be contrary to the pronounced policy of President Ramos.

#### Ramos Downplays 'Threat'

*BK2808074795 Manila BUSINESS WORLD in English 25 Aug 95 p 12*

[FBIS Transcribed Text] President Ramos yesterday downplayed the reported threat of China that it would conduct military exercises in the disputed Spratly Islands as a sign of exercising their sovereignty in the contested area. He said that a code of conduct has already been agreed upon between Manila and Beijing so that tension in the area would not flare up.

"We're a little more comfortable now," Mr. Ramos said, adding China has agreed to uphold the United Nations Convention on the Law of the Sea as a basis for pursuing their sovereign claims.

"As far as the exercise is concerned we are not necessarily panicking here in the Philippines but we would want to know where is the area of the exercise," the Chief Executive said.

#### Senator Rejects U.S. Intervention on Spratlys

*BK2808034095 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 27 Aug 95*

[FBIS Translated Text] Senate President Edgardo Angara has announced that diplomacy is the only means to resolve the Spratly Islands dispute. He added that U.S. intervention will not help in the dispute; it could possibly even make matters worse. He believed that China will possibly adhere to several international agreements on its claim to the Spratlys. Earlier, China had expressed intentions to adhere to international agreements to resolve the Spratlys dispute.

#### Ramos Pardons 58 of 62 Detained PRC Fishermen

*BK2808042295 Quezon City Radio Filipinas in English 0230 GMT 28 Aug 95*

[FBIS Transcribed Text] Philippine President Ramos has said Beijing will reciprocate his decision to pardon a group of Chinese fishermen caught in the Spratly Islands by commuting the death sentence on two Filipino drug traffickers held in China. President Ramos spoke in Cagayan de Oro City last Friday, which he visited. He stressed however that this action was not related to any quid pro quo arrangement or deal with the Chinese, but was based on the merit of the case and the situation the Philippines faces [word indistinct] in the Spratlys.



Palace sources said that two Filipinos were sentenced to death earlier this year but gave no other details on the case.

The Spratlys is a cluster of islands, reefs, and shoals claimed wholly or in part by China, the Philippines, Taiwan, Vietnam, Malaysia, and Brunei. The archipelago is believed to be sitting atop oil and gas deposits.

A row between Manila and Beijing erupted in February when President Ramos accused China of building what look like naval support structures on Mischief Reef, which the Philippines claims. China had said the structures were shelters for fishermen.

President Ramos corrected a government announcement last Friday [25 August] that he had pardoned all the 62 Chinese fishermen whom the Philippine Navy caught aboard four boats while allegedly poaching in an area claimed by Manila. He said the pardon applied only to 58, and that the four others who were the captains of the four boats will remain in detention while undergoing further investigation.

### Thailand

#### New Aviation Treaty With U.S. Suggested

BK2608133695 Bangkok BUSINESS DAY in English  
26-27 Aug 95 p 1

[FBIS Transcribed Text] Thailand and the US should draw up a completely new aviation treaty rather than seek to amend articles in the previous one on a case-by-case basis, a high-level source at the transport ministry said yesterday.

The statement came after a meeting between Thai agencies to decide on a framework for treaty negotiations ended without agreement yesterday.

The original aviation treaty between the two countries lapsed in 1990. Bangkok and Washington have been discussing its replacement. At present aviation relations are governed by a lower-ranking agreement. Mahidon Chantharangkun, permanent secretary at the Ministry of Transport and Communications and the chairman at yesterday's session, said another meeting would be held next month.

The meeting was attended by representatives from the Tourism Authority of Thailand, the Aviation Department, the Foreign Ministry, the Commerce Ministry, THAI Airways International and the air cargo association.

United Airlines asked for permission to use Boeing-747 aircraft rather than DC-10s on its flights between the US and Thailand. Washington has asked for an extension of fifth freedom rights — the right to pick up passengers

from transit points between the main points of origin and destination.

Bangkok has objected to the request because the transit points between the US and Thailand were THAI's most lucrative markets, the senior source said.

The US has also asked that Thailand implement an open skies policy. Mr Mahidon has said Thailand was ready to liberalize the industry but open skies were not practical.

#### Army Criticizes Government Performance on Prices

BK2608120695 Bangkok THE NATION in English  
26 Aug 95 pp A1, A2

[FBIS Transcribed Text] The Army has voiced strong and unusual criticism of the previous and present governments for failing to understand practical national development methods and causing price instability.

Yesterday morning's broadcast of the Army radio programme Sayamanusati [A Thought for the Thai Nation] blamed poor government performances for the unsolved problem of high priced consumer goods, saying that this and inflation made it difficult for low-to-middle class people to survive.

The Army's attack on governmental performance is highly unusual, because the Army has previously tried to distance itself from politics, and several foreign news agencies yesterday reported on the broadcast.

"We Thai people still hope that in the near future we will have a bold leader to bring fairness to our society. If such a leader is found, problems of unreasonably high product prices will not happen," the programme, which airs daily at 6 am, said.

The commentary said national economic plans drafted by the National Economic and Social Development Board [NESDB] were careful and competent, and that the government should put them to use to effectively control prices.

"The conclusion is that we have failed to find a 'cream of the crop' social manager and administrator, therefore the (NESDB) plans have not yet been fully implemented," according to the commentary.

"However, we do not regard the situation as desperate," it added.

The programme said that all the governments tried to solve inflation problems but seemed unable to understand how to tackle the problems and which methods to use.

"During (the two) terms of Prime Minister Anan Panyarachun, the government tried to solve the problem by



floating product prices without any control to promote free market competition. However, traders did not compete to reduce prices but rather to increase them," the programme stated.

No government has applied new strategies to "tackle the people's poverty" as promised in their policies. Therefore, the people still suffer from ever-increasing prices of consumer products, according to the commentary.

"The sharp increase in food prices has made it almost impossible for low-and middle-income people to survive," the commentary said, adding that Thai people have to suffer not only high product prices, but inflation as well.

The daily programme also raised a well-worn question: why must farmers sell unprocessed rice at low prices while prices for processed rice sold in the market are vastly higher?

Supreme Commander Gen Watthanachai Wutthisiri yesterday defended the radio commentary, saying Army members could be politically-minded like others, and should be allowed to make known their opinions.

Watthanachai said the government should be open-minded when considering the criticism, which had been fairly given.

"Army officers have as much right to criticize the government as anyone else. If they did not say anything, they would be compared to turtles, which cannot speak."

"I regard giving such criticism as a personal right. We cannot shut the mouths of our officers," he said.

He denied that the criticism implied the military wanted to interfere with the government. "We will not intervene in politics. We still support the government. Don't assume that the Army's criticism of the government will lead to a problem," he said.

#### **Army Comments Trigger Extensive Reaction**

##### **Bankers Advise Against Overreaction**

*BK2608121395 Bangkok THE NATION in English  
26 Aug 95 p A2*

[FBIS Transcribed Text] Economists from two leading banks yesterday cautioned against excessive speculation based on the Army radio's criticism of the government's handling of inflation and suggested that a study be conducted into the real causes of rising prices.

Nimit Nonthapunthawat, a senior economist at Bangkok Bank, said the public should not overreact to the Army programme because everyone has the right to express an opinion.

The content of the programme was reported by international news agencies. The Stock Exchange of Thailand suffered a brief drop yesterday morning, reportedly due to a panic in the Singaporean financial market, but returned to its normal trend in the afternoon.

Nimit said inflation has become a national issue which the government must address.

Current inflation, projected to be 5-5.2 per cent on an annual basis, with the biggest price increases on food items such as vegetables and meat, should not be attributed to just rain and flooding.

Nimit and Phisan Monolilakun, head of the Thai Farmers Bank Research Centre, said separately that there may other more complicated reasons — such as wage increases and production bottlenecks — in the long-term trend which should be thoroughly studied.

Nimit said the government should assign an independent consultant to study the causes of inflation, rather than to have a government agency prepare a neutral report.

"People might be quick to jump to a conclusion after the Army radio's programme yesterday. There are still fears among the public but we should not think too deeply. This is not the time," he said.

He said such fears might undermine the stability of the country at a time when it may be heading towards economic problems, but he was confident Thailand could weather any political storm. He cited November 1984 when former Army commander Gen Athit Kamlang-ek went on television to voice his opposition to the devaluation of the baht. "It (criticism) was even fiercer then, but nothing happened."

#### **Approval of Broadcast Cited**

*BK2608121795 Bangkok THE NATION in English  
26 Aug 95 p A2*

[FBIS Transcribed Text] The "Sayamanusati" radio programme is produced by the Internal Security Operation Command (ISOC), chaired by the Army chief, and broadcast every morning about 6.45 am through the Army's radio network.

The programme's primary objectives are to disseminate information to the public needed for building the country's security and unity. The programme usually begins with the reading of poems by leading writers.

Lt Gen Chaturit Phromsakha na Sakhon Nakhon is production manager of the programme.

Most of the presentations revolve around human interest stories and social activities such as the arts and culture



religion, the economy and Army affairs. Criticism of the government's performance and policies is rare.

Any criticism of the government on the programme usually indicates the Army's position and attitude towards the government and how it is running the country. During the Chatchai administration, the programme reflected the conflict between the Army and the government, which eventually was "resolved" by a coup.

The programme does not comment on the government and its management unless it has received the green light from senior Army officers. Yesterday's broadcast was believed to have received the nod from the Army chief.

#### **Banhan Affirms Right To Comment**

*BK2608152395 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 26 Aug 95*

[FBIS Translated Text] The prime minister believes the Army Radio has its due right under democracy to comment on the government's approach in solving the problem of rising prices.

Prime Minister Banhan Sinlapa-acha said he has already discussed the issue with Supreme Commander General Watthanachai Wutthisiri. Concerning price rises, he said the Commerce Ministry has already explained that a cause of this was the rising price of raw materials for animal feed. He admitted that some opportunistic groups of traders had raised their prices. He has ordered that action be taken against them.

[Begin recording] [Banhan] The soldiers have their right to make comments. They can make any comment they want because we are a democracy. It is all right.

[Question indistinct]

[Banhan] I don't know about that. Well, don't overreact. Let's look at the problems faced by the people. I did not think about other things.

[Question indistinct]

[Banhan] You'll have to ask him, not me. Ask him that.

[Unidentified reporter] Can you give us an assurance about your relations with the military?

[Banhan] We had breakfast together last Wednesday; the army chief and the navy chief were present. The defense permanent secretary, air force commander, supreme commander were also present. We exchanged views about weapons procurement, about the welfare of soldiers and so forth. I gave them an assurance that I would look into the matter. [end recording]

Commenting on an article published in an Armed Forces magazine on the political reforms of the government,

the prime minister said this is a problem which needs cooperation from all sides. He said the government's approach would be in line with that advocated by Dr. Prawet Wasi and the Committee for the Development of Democracy.

#### **Army Chief Defends Program**

*BK2608152695 Bangkok Radio Thailand Network in Thai 1200 GMT 26 Aug 95*

[FBIS Translated Text] Commenting on the article by the Army's Sayamanusati radio program on the soaring prices of consumer goods and the government's failure to solve the problem, Army Commander General Wimon Wongwanit said the Sayamanusati program had just discussed a problem of the people. The article was written by a civilian and there was no intention to insult any politician.

[Begin Wimon recording] The article just discussed the problem of high priced consumer goods. It was not aimed at any politician. The people are suffering from the problem of high consumer goods prices. It talked about how to solve this. Who can do this will be a hero of the people. It did not criticize the government, but just discussed the reasons for high priced consumer products. It was the thinking of one person, not the Armed Forces. There should be no problem if the mass media, such as radio, newspapers or TV stations, presented the facts. However, it was the newspapers that interpreted that the Armed Forces were interfering in politics. That is not true. We should be fair and sincere in interpreting things. [end recording]

#### **CPD Criticizes Program**

*BK2708120595 Bangkok THE SUNDAY POST in English 27 Aug 95 pp 1, 3*

[FBIS Transcribed Text] The Campaign for Popular Democracy [CPD] yesterday criticised the Army's Sayamanusati radio programme for "setting the criteria for a coup d'etat."

Friday's Sayamanusati editorial tried to get people to think in terms of a "knight on a white horse" ready to solve their problems, a reference to the military, the CPD said in a press release.

"That is the root of dictatorship," wrote the group's chairman, Surachai Wankaeo, who signed the release.

The CPD played a key role in the pro-democracy protest of 1992 following a coup d'etat by the National Peace-keeping Council.

Some MP's and other well-known figures were yesterday also critical of the Army, which they said either or-



dered the programme to be broadcast or gave the green light for it to be aired on all Army radio stations.

Sayamanusati is viewed as representing the Army's official opinion. In the past the programmes have been used to attack and discredit civilian governments before coup d'etats are staged.

Military leaders have denied that this was the purpose of the Friday programme, which aired a sharply critical editorial of the Banhan Sinlapa-acha government for failing to solve the problem of soaring prices of essential goods.

The programme said that it was time for a courageous "social manager" or "administrator of society" to take charge and tackle these problems.

The CPD said the programme was organised by the civilian affairs department of the Internal Security Operation Command at the Supreme Command.

The substance of the editorial demonstrated that its authors did not believe in a democratic system, the CPD statement said.

"Under circumstances where, in many circles, there is a lack of confidence in the Banhan Sinlapa-acha government and in politicians, the Sayamanusati editorial will, to some degree, set the criteria for a coup d'etat," the statement said.

It said that this goes against the current effort to reform the political system and will be an obstruction and a danger for the building of the democratic system in this country.

The campaign called for those responsible for the programme to review their intentions and "put a stop to anti-democratic thinking".

The statement said: "The Campaign for Popular Democracy announces that it will join other individuals or groups and all democratic organisations to act to stop this trend towards a coup d'etat at all costs."

But Army Commander-in-Chief Gen Wimon Wongwanit defended the editorial, saying it was intended to be in the public interest, although admitting that it may have been "too harsh".

He said: "In broadcasting the issue, the Army did not interfere (in politics). The editorial may have been too harsh, but we only try to present the truth."

The editorial, aired on all Army-run radio stations on Friday, called on the government to tackle the problem of soaring prices of commodities affecting both low-income and middle-class people.

It said that the government should "look into the fact" that "middlemen" were the ones determining the prices of consumer goods.

Gen Wimon dismissed speculation that the editorial suggested that there was a conflict between the government and the Armed Forces since the Sayamanusati is believed to represent the Army's official opinion.

He insisted that the Army is a "state mechanism which cannot bring trouble to the government".

Nevertheless, it has a responsibility to protect the public interest, said Gen Wimon who has always vowed not to interfere in politics.

The Army chief, who retires this September, asked the media, "especially the press", to "report only the truth" and not try to lead the public into believing that the military has a problem with the government.

He said: "The general public always believe what the media says. If the media keeps exaggerating their reports, one day people will lose faith in them."

Prime Minister Banhan said he talked to Supreme Commander Gen Watthanachai Wutthisiri on the phone on Friday to clear up any misunderstanding there might be on the issue but declined to reveal the details of the conversation.

"Military personnel are Thai citizens and they, too, are allowed to express their ideas," he said.

Asked to comment on the relationship between his administration and the Armed Forces, Mr Banhan said: "Nothing is wrong. The military is straight-forward and therefore sincere in voicing its opinion (on the issue)."

Navy Commander-in-Chief Admiral Prachet Siridet also insisted that there is no conflict between the government and the Armed Forces.

However, he declined to comment on the matter, saying the Navy "has nothing to do with it".

Chat Thai MP for Yasothon Ronritthichai Khankhet said during the taping of the Mong Tang Mum [Looking From Different Perspectives] TV programme that commanding officers must have given the order or the green light to Sayamanusati, or it would not have dared to come out with such strong criticism of the government.

"The programme is a unit of the state. When it criticises the issue, it criticises the government, which is the boss of the military. I think it's possible that the military is not satisfied with the government," Mr Ronritthichai said.

Among other MP's on the programme were Gen Chawalit Yongchaiyut of New Aspiration, Churin



Laksanawisit of the Democrats, Prachuap Chaiyasan of Chat Phatthana and Phinit Charusombat of Seritham.

They said that Sayamanusati had a right to criticise the government and they did not think it could lead to a coup d'etat.

But rock singer Yunyong Ophakun said the military criticism constitutes a "violent conflict" between the military and the government.

It shows that the Armed Forces do not accept the government, especially in view of the fact that in the past they have clearly stated that they will not get involved in politics, Yunyong said.

"This is certainly no personal matter. They must have gotten the green light," he said.

"The people are watching to see if the military will come out and 'exercise' again, because this programme has always been the mouthpiece for the Armed Forces. I think that soldiers should not get involved with politics."

#### **Army Urged To Explain Intentions**

BK2808043595 Bangkok BANGKOK POST  
in English 28 Aug 95 p 1, 2

[FBIS Transcribed Text] The military must explain its sharp criticism of the elected government, say academics and pro-democracy leaders.

They warned yesterday that otherwise the public would read the military's intention as wanting to prepare the groundwork for a coup d'etat.

Ramkhamhaeng University law lecturer Atsadang Panikkabut, a member of the Government's political reform committee, said the strongly-worded Sayammanutsati radio programme sharply attacking the administration for failing to control prices showed an intention to make the situation ripe for a seizure of power by the military.

"In the past, coups always cite corruption and security. The high price of goods could be a security issue. Soldiers haven't made it that clear, but I think they are trying to create the criteria. People here and overseas cannot accept this," Mr Atsadang said.

Sayammanutsati is viewed as representing the Army's official opinion. In the past the programmes have been used to discredit civilian governments before coups were staged.

The programme aired on all Army radio stations on Friday said it was time for a courageous "social manager" or "administrator of society" to take charge and tackle problems facing the country.

The military denies any intention to undermine the Government or set the stage for a coup.

But Confederation for Democracy secretary-general Dr Weng Tochirakan yesterday called on the Armed Forces to explain the Sayammanutsati editorial's intention.

"If they don't do this, people will doubt their intention. It is also possible they did this to tell the Government not to touch the military reshuffle or the Armed Forces budget," Dr Weng said.

"It's also possible that they are laying the carpet, with their radio and newspaper attacks, for returning to power in another coup. That would be most inappropriate since the Armed Forces promised not to get involved in politics again."

ARMY NEWS, a bi-weekly official Army newspaper, earlier attacked the Government's political reform attempt as a charade.

Dr Weng said that if the Armed Forces were sincere about their concern over high prices, Army chief Gen [General] Wimon Wongwanit could have made proposals to Defence Minister Chawalit Yongchaiyut for submission to the Government.

Confederation chairman Dr San Hatthirat said it was not right for the military to criticise the Government because the public and the international community would think the administration was under its control.

Bamrung Khayotha, secretary-general of the Assembly of Small-scale Farmers of the Northeast, said soldiers should understand the problem they were talking about in the radio editorial could be solved through parliament.

"The Armed Forces cannot solve such a problem. That is so obsolete. It will not only destroy the economy, but will make Thailand an outcast in the international community."

Supreme Commander Gen Watthanachai Wutthisiri insisted the Armed Forces were committed to democracy and that there would be no coup.

"I can say this standing up, sitting down or lying down. There will be no coup d'etat," said Gen Watthanachai, who retires next month.

The military was a mechanism of state that the Government controlled.

"Soldiers will not interfere with the Government which is their boss. Don't worry, all soldiers love the democratic system."

He said he had discussed the Sayammanutsati editorial with Prime Minister Banhan Sinlapa-acha who was not concerned by it and did not ask anything of the military.



"I don't think that such editorials will emerge again. As for other radio programmes, I have asked the Army chief to look after them and to be strict with those leasing radio stations not to say anything that affects the Government," Gen Watthanachai said.

The Sayammanutsati programme is produced by the civilian affairs department of the Supreme Command and has not been on air since the Black May bloodshed of 1992 when soldiers opened fire on unarmed pro-democracy protesters killing scores.

However, Gen Watthanachai defended the programme, saying the editorial on consumer prices was based on facts and he could not forbid it.

"But in future they will say things with more care," he said.

Military sources said Mr Banhan phoned Gen Watthanachai twice after the editorial was aired. The general reportedly told the premier the intention of the programme was only to point things out to the Government and not to pressure it.

Supreme Command spokesman Vice-Adm [Vice Admiral] Kraichit Sirisombat said the programme was to inform people of the facts.

He blamed the news media for exaggerating the editorial.

"If I were the Government I would not be shaken by such a small thing," he said.

#### **Daily Speculates on Motive**

*BK2808055095 Bangkok BANGKOK POST  
in English 28 Aug 95 p 4*

[Editorial: "We Need to Deflate Panic Over Inflation"]

[FBIS Transcribed Text] Inflation is creeping up, but some of the reactions are out of proportion. The latest came from the army radio programme, Sayammanutsati. The men (and women) in green went so far as to suggest that if Prime Minister Banhan Sinlapa-acha cannot tackle the problem, someone else will do it for him.

Poor Mr Banhan. Some of the criticisms leveled against him and his government have been legitimate. But to start blaming him for inflation when he has barely been in office for a month, let alone to talk about replacing him, is downright unfair.

Of course, we could conclude that the programme was not about inflation at all. This is the reshuffle season, a time when temperatures are prone to rise in military radio stations and other more combative units. Historically it is interesting how often reshuffles of one

kind or another have been at the centre of a coup d'etat, whatever the announced pretext. Otherwise, we could simply call it the Thai "silly season".

This particular statement might have been a signal from some sections of the military warning Mr Banhan, and particularly his defence minister, Gen Chawalit Yongchaiyut, not to mishandle the reshuffle. Part of the warning might have been that inflation could be used as a pretext for changing the government.

It might have been. There is absolutely no evidence to support the notion. And, of course, the military are now committed to professionalism and to staying out of politics. They have said so over and over, haven't they. Haven't they?

Just in case the military did not quite mean what they said, the point should be made clear: Yes, if Mr Banhan performs badly, he should be replaced; but only constitutionally, and only through free elections.

In any case, before we are all panicked into demanding that the government impose price controls, we should consider what exactly the situation is, whether it is a problem, and whether anything should be done about it.

Although the rate of inflation is creeping up, it is still not too serious. The consumer price index is rising at just over five per cent per year, not an outrageously high figure. The government is already taking action.

The Bank of Thailand has announced a number of measures designed to limit the expansion of bank credit and the money supply. Mr Banhan and his Cabinet might not have been directly responsible, but we do have to assume that Finance Minister Surakiat Sathianthai gave his approval. The Banhan government has promised not to set a budget deficit.

The combination of tighter monetary policy and cautious fiscal policy are the best means of dealing with inflation. In fact, some economists argue that the real problem is not prices, but the related deficit in the current account, the balance of trade in goods and services. Only sound macroeconomic measures can tackle that problem. Price controls, export drives and import barriers are virtually irrelevant.

At the same time, within that five per cent rise in the consumer price index are some details that need to be examined. Food prices in particular are rising faster than the overall index and this is clearly a problem for low-wage workers, especially if they cannot return to farming.

But it is important to realise that the main cause for the higher food prices is strong world market prices for



a whole range of agricultural products. Rice prices are high, and tapioca prices have reached record levels. The last thing the government should do is to try to stop a rare opportunity for farmers to improve their incomes. If higher food prices hurt the low-waged, then the solution must be directed at the low-waged, preferably by increasing their incomes and other aspects of their quality of life.

The Thai political reflex is usually to turn to the Commerce Ministry's Internal Trade Department. The department has the power to control prices. But to limit the rise in food prices through direct controls would mean favouring urban consumers at the expense of farmers, and it would only make matters worse. It would contradict the government's policy of trying to make income distribution fairer. It would force even more rural workers into low-wage urban labour because of depressed farming incomes, increasing the number of people who are genuinely vulnerable to higher food prices.

The army radio stations blamed exploitative middlemen for artificially raising retail prices. This is a popular rallying cry, but one that is not entirely justified. In some parts of the country traders enjoy monopolistic power, but the distribution of agricultural goods is more competitive than is popularly believed.

In any case, it is unlikely that either the army's commentators or the Banhan government could within the next few months come up with a better system of distributing produce.

Such a system would have to narrow the gap between farmgate and retail prices while at the same time providing a free flow of supply and allowing farmers to enjoy higher incomes when world market prices strengthen. It would also have to operate without massive subsidies, without equally massive leakages into corruption, and without a government budget deficit that would be — yes — inflationary.

There are many such systems on paper, and many that have been tried around the world. Few if any have succeeded.

That is not to say that monopolies should be ignored. Even without inflation there is a need for a strong and effective anti-trust law because monopolies do mean higher prices, poorer quality, and inefficiency. The army's commentators should be reminded that some of this country's existing monopolies or near-monopolies were created by the military: telecommunications, and radio and television stations being just a few examples.

#### **Cabinet Officials Downplay Comments**

*BK2808061395 Bangkok THE NATION in English  
28 Aug 95 pp A 1, 2*

[FBIS Transcribed Text] Government leaders yesterday reacted guardedly to Army radio's criticism of their failure to tackle the rising price of commodities.

They stressed that the criticism, which was aired last Friday in an Army radio broadcast was simply the expression of an opinion which was not politically-motivated.

Defence Minister Gen Chawalit Yongchaiyut said the introductory part of the programme, entitled the "High Price of Products," sounded good but its conclusion was ill-founded. "This happened because officers concerned did not check the script of the programme carefully. Next time they are expected to be more careful. However, this will not be regarded as a serious wrongdoing," Chawalit said.

The Army has denied speculation that the criticism was politically motivated and the military was not satisfied with the government's performance.

The article criticized previous governments and the current Banhan Sinlapa-acha administration for not knowing how to tackle inflation. As a result, no government has ever fulfilled their policy promises of alleviating poverty.

Meanwhile, Finance Minister Surakiat Sathianthai dismissed the criticism as designed to increase pressure on the government because it was simply the expression of an opinion.

"There will be no problem. The criticism was only aimed at encouraging the government to speed up tackling the problems of high-priced products and inflation," Surakiat said.

The Army has fully cooperated with the government in security and development issues, the minister said, adding he believed the criticism was not a reflection of the Army's desire to play a biggest role in politics.

The prime minister has instructed the commerce minister to closely monitor inflation and adopt measures to stabilize commodity prices.

#### **Democracy Group Sets Political Reform Deadline**

*BK2808051595 Bangkok BANGKOK POST  
in English 28 Aug 95 p 1*

[FBIS Transcribed Text] The Confederation for Democracy [CFD] will quit the Government's political reform committee unless "concrete" progress is made within three months.



Confederation representatives on the committee include its chairman San Hatthirat and prominent activist Prathip Ungsongtham Hata.

Dr San issued the warning after a confederation meeting yesterday.

Its members demand that four bills be passed, including one calling for parliamentarians to declare their assets. The others govern the setting up of an election commission and an administrative court and the establishment of a parliamentary ombudsman.

Political reform should improve decentralisation of powers, distribute income to poorer areas and reduce bureaucracy and judicial procedures, he said.

Laws on political parties and elections should be amended to help ensure "clean" MPs were elected.

Dr San said his sub-committee on public relations would call an open meeting of 48 representatives of the public to gather opinions.

Ideas obtained would be put to the reform committee chaired by Chumphon Silapa-acha, brother of Prime Minister Banhan.

Dr San said the Government could achieve political reform, since the committee was mainly of academics who wanted change and few politicians were included.

"But if the plan cannot be accomplished, and the Government appears to buy time, it is certain private organisations for democracy will spring up to push demands," he said.

#### **Biographic Details on Banhan Published**

95SE0173A Bangkok MATICHON in Thai 9 Jul 95  
p 17

[By Sakuna Prayunsuk and Saowarot Ranakiat]

[FBIS Translated Excerpt] A male child was born on 19 August 1932. That child grew up and has played an important political role in several periods. He has served as minister in several ministries, he is the leader of a large and old political party, and now he is about to become the 21st prime minister of Thailand.

Siang Saebe, or Banhan Silapa-acha, was born in a small wooden row house at the market in Muang District, Suphanburi Province. Besides using this row house as a residence, his parents, Mr. Senkim and Mrs. Saieng Saebe, also used the house as a store. They sold everything from black shirts and shorts worn by farmers at that time, shin guards, and loincloths to "phan" and farm implements of all types.

His parents had a total of six children: Mr. Sombun Silapa-acha, Mr. Banhan's oldest brother, Mr. Udom

Koetsinchai (now deceased), Mrs. Saichai Silapa-acha, Mr. Banhan Silapa-acha, Mrs. Daruni Wayakun, and Mr. Chumphon Silapa-acha. Although all of these people were born in Suphanburi Province, today only Mrs. Saichai, age 75 still lives there. The others live in Bangkok.

MATICHON went to Suphanburi Province to talk with Saichai Silapa-acha, Mr. Banhan's only sibling who still lives in Suphanburi Province, and asked her to talk about the life of Thailand's 21st prime minister in that wooden row house, which was later torn down and replaced by a two-story row house. The sign in front of this building reads "Yong Yuhong" store. This is located in the middle of the Muang District market along the Tha Chin River, which provides an important backdrop.

We met Mrs. Saichai at the Simuang Hotel, which is owned by her husband, Mr. Kimtia. This is the second home that she has lived in since she was married at age 20.

"Banhan was obedient to mother. Mother made us work hard and wouldn't let us go out for fun. All mother had to do was give us a look and we all knew what we had to do.

"At home, all the children had to work. I got up at 0400 hours and had to fetch water. After cooking breakfast, I did sewing. I still have that sewing machine. I sewed all day, stopping at midnight. The next morning, I started the same routine all over again."

Banhan, like his other brothers and sisters, had to do work around the house. He had to get up early and help his sister get water from the Tha Chin River. They had to carry the water about 200 meters and fill up four large earthen jars. He had to help cook the meals and practice sewing. All of the loincloths and other types of clothing that were sold had to be sewn neatly.

As for their father, Mrs. Saichai said:

"As compared with mother, Tia, our father, was a very good-natured person. People like our father are very rare. He liked to make merit, and he wanted his son to be ordained as a monk. One time, he planned to have Banhan ordained, but he became ill and so Banhan couldn't be ordained then. After that, Tia took very good care of himself until Banhan was ordained. The next day, he died. It's as if he were waiting for Banhan to be ordained before he died.

"The day that father died, he was in very good health. He was not sick. That morning, he walked to the market as usual and gave food to the monks. But that evening he died. He just went to sleep and never woke up. But prior to his death, he had given final instructions. He



said that he did not want a large funeral, because that would have required killing ducks and chickens. He did not want to accrue any demerits." [passage omitted]

At that time, Banhan fulfilled his duty to his father. He was ordained a monk at the same temple as Mr. Sengkim, that is, at Wat Prasatthong. He served as a monk for one Lenten period and completed "naktham ek" [Level-3 elementary religious instruction]. He was 22 years old then.

When he was a child, Banhan attended elementary school and studied the Chinese language at the Chinese Association. As for further education, in the book "Sixty Years of Dreams of Banhan Silapa-acha," which was published on his 60th birthday in 1992, it says:

"When he was 8 years old, he attended the Prathip Withayalai School (which is no longer in existence). After completing Grade 8, he skipped to Grade 10 because his grades were so good. He thought about taking the university entrance examination, but he was only 14 years old. At that time, you had to be 16 years old before you could take the entrance examination. Thus, he had to wait another 2 years.

"He was a very good student and never failed a test. But after coming home from school, he had to help with the work at home. I, too, attended Thai school. As for Chinese, our father hired a tutor. But I have forgotten everything."

As for that "home," Mrs. Somchai's memory of that is still very vivid even though she moved away a long time ago.

"Originally, it was a two-story wooden row house. In the back, we had a tin fence. The door hung on a wooden hinge. In the back was a sewing machine, the one that I used. There was just one sewing machine. The front of the house was used as a shop. Mother stayed in front to oversee the shop. I sewed clothes. The two oldest boys worked at Kowang. There was just one room upstairs. It was not blocked off. We all slept together in the same room.

"My mother was used to working as a small merchant. But after Banhan became wealthy, he asked her to stop, because whenever he came, she would be there in her store. He asked her to stop, but she refused. One day, he came and bought everything in the store. (laughs) The store sold clothing, silk, and loincloths. He bought everything. Otherwise, mother would not have stopped. I still laugh about that. Banhan distributed all the goods to the villagers, because most of the goods were items of clothing worn by farmers. After that, mother stopped selling goods.

"Later on, Banhan rebuilt the house and decorated it nicely. He monitored the construction himself. If the builders failed to follow his instructions, he had them do it over. He wanted everything done based on his design. After mother died, my sister (Mrs. Daruni Wayakun) lived there. But after she married, the house was closed up. Banhan refused to rent it to anyone and he refused to sell it. He said that if the family wanted to sell it, they had to sell it to him."

That row house is still in the middle of the market. In front is a sign, Yong Yuhong, to indicate that this used to be the residence of the man who is about to become the leader of the country.

"Banhan was a well-behaved child. He worked hard and always did his best. And he was patient. When he went to work in Bangkok and invested in the construction business, he lost money the first time. But he kept at it even though his fellow investors abandoned the business. But he refused to give up. When he needed money, he borrowed money from mother in order to continue his projects."

"When he was young, he spoke very little. He was not a good speaker. But after he became involved in politics, his speaking abilities improved."

Concerning Chaemsai Silapa-acha, Mrs. Saichai said that she is a very calm person, but she is not a good speaker. They knew each other, because her family's house was near theirs, that is, about two doors down. Chaemsai's parents sold religious-ware. They had a solid financial position and were quite well-known. When Banhan asked to marry Chaemsai, that became a major story throughout the province, because he paid a dowry of 80,000 baht, which was a huge amount 30-40 years ago.

"Banhan was very smart. He tried to earn the money himself and build up his position before marrying. He did not get the money from his parents."

Even though Saichai has lived in Suphanburi all her life, whenever Banhan visits this province, he rarely visit his sister. Usually he stays at the offices of the Thai Nation Party or at the home of his wife's mother.

"I am not very close to him. Chumphon Silapa-acha is closer to him than me. Whenever he comes, he always has dinner with him. When we do talk, I don't use his name. I used to call him "Ti," but that was a long time ago. He doesn't like me calling him that." (laughs)

When asked what she thinks about people referring to Banhan as a mobile ATM, Saichai immediately said:

"That is not true. He is very stingy. My son went and stayed with him. I know. He is very frugal in his



personal habits. But I don't know how he is with his colleagues. He can be very charming. But he is a very orderly person. My son stayed with him. When he was small, that was fine. But when my son grew older, he left. Banhan is like our mother. He wants people to be working all the time. He doesn't like them to use the telephone a lot. If people come for a visit, he tells them that that is taking time away from work. He likes people to work."

"As for those who have said that he associates with people involved in narcotics trafficking, I do not believe that, because he disapproves of that. He does not smoke or drink. He doesn't like any of those things."

Before leaving that day, MATICHON asked one final question. We asked her how she felt about the fact that Banhan will soon become prime minister.

"I am happy about that. My heart is with him. My only concern is that he has many enemies. He has been attacked by many people. I am concerned about this. I don't know why they have attacked him."

#### **Banhan's Wife Discusses Husband, Family Life**

95SE0173B Bangkok MATICHON in Thai 21 Jul 95  
p 29

[Article by Saowarot Ranakiat]

[FBIS Translated Excerpt] [Passage omitted] Before her husband was elected prime minister, Chaemsai's daily practice was to get up early and give food to 12 monks. She has been doing this ever since they were married. Around 0900 or 1000 hours, she exercises at the World Club gym. After that, she goes shopping and then returns home.

"I don't know what I will do now. I don't know if I will be able to continue going to the World Club or not. I will let things settle down first and then decide. I did not go at all during the campaign. I have gained 2-3 kg. Prior to that, I weighed 53-54 kg. The more we campaigned, the more weight I gained. That's because wherever we went, we were always offered food and coffee. I always came home fatter."

"My friends have asked if we will still be able to meet now that I am the wife of the prime minister. I have told them that we will certainly continue to meet. They have asked if I will arrive in a car with a siren. I have told them no. When he was minister of interior, people would follow me around. I told them not to and said that I wanted to go places by myself."

Chaemsai was born on 20 April 1934 at the market in Muang District, Suphanburi Province. Her home was

located near that of her husband, Mr. Banhan Silapacha.

Concerning the past, she said:

"I knew every time Banhan returned from Bangkok, because I could hear the organ at his house. That told me he had returned. He played Chinese songs. The next day, he would come to our house for a visit. Friends teased that he was coming to sell minced meat dumplings. I said, let him come, because I don't have any money."

"When we were married, it created quite a stir. He drove a sedan, which was very rare. My parents asked for a dowry of 80,000 baht in order to dissuade him from asking to marry me. He still complains about how expensive that was. I have asked him why he thinks that. Even today, we still talk about that. (laughs). Even though we now have three children, we still talk about that."

"When my mother asked for 80,000 baht, people came and told us that his mother complained that that was too much and that she wanted to ask us to lower the amount. But he told her not to haggle over this because she is an intelligent person. Some people asked why he was willing to pay so much for a rural girl when he could find a prettier and smarter girl from Bangkok who would ask for only 3,000 baht and some gifts." (laughs)

They have been happily married for 40 years. She said that the main reason for this is that her husband has always been very sincere with her.

"Banhan is not a gentle person and doesn't know how to speak sweetly. Rather, he is a very sincere person who talks loudly. Whenever he is angry, he releases his feelings instead of keeping them bottled up for a week. After showing his feelings, he forgets the matter. "Whenever he gets upset with me, he uses bad language. I remain angry for a week and refuse to talk to him. He then asks the children what's wrong with their mother. (laughs) He knows that I'm angry, but he doesn't know why. That's because he has forgotten the matter, but I haven't."

"Sometimes he is sorry for making me angry and tells the children that he shouldn't have made me angry. Our children tell him that he shouldn't do such things and that makes him angry all over again. (laughs) He tells them that that is how he is and that he is too old to change. He makes such a fuss that the children finally leave. He has said that no one ever criticizes him except for the three or four of us."

"But actually, he is a very good person. I am not saying that just because I am his wife. If he were a selfish



person or a bad person, we would not have stayed together for 40 years."

As for the family life of the 21st prime minister, Chaemsai said that they have a very warm family life. Parents and children are very close. In the family room at their Charan Sanitwong home, there is a table that they refer to as an all-purpose table, because Banhan uses it as a work table, the children use it do their homework, the family uses it as a dining table, and so on. Family members talk and have fun together there.

"Our family is very democratic. Our children can tell us if we do something wrong. They will tell us if we do something wrong.

"Whenever Banhan appears on television, the children and I watch him on television. Sometimes when he is speaking, he scratches his ears, which is one of his habits. The children make a note of that. He has forbidden us to scratch our ears. When he comes home, the children stand up and show him. He will always say, you can't do that.

"And when speaking, you can't look away. You have to look directly at the camera. These are just little things that others wouldn't dare tell him. Only people very close to him can say such things. Sometimes the pictures aren't very flattering. Whenever he is in a bad mood, he will knit his brow. We will tell him that he isn't presenting a good image and so he will change."

But occasionally, the new prime minister isn't able to change his behavior as his children have advised.

"He is still very impetuous and says that that is his nature. He also has a tendency to talk quickly. We have told him that he should talk slower and pause at times. He says that he can't do that. He says that whenever he tries to talk more slowly, he trips over his words. He says that it's his nature to talk like this, and that, like his hot temper, he can't change this. We have said that if he can't change, he can't. At his age, you can't force him."

Chaemsai said that if it involves business and instructions need to be given, she and her children have to write notes in order to provide a reminder.

"Banhan has very good concentration. If he is working on something, you can't ask him anything. He won't understand. He won't hear our question. He is concentrating on his work. If the television is on, he won't pay any attention unless it happens to be something he wants to watch. But when the program ends, he goes back to his work.

"Sometimes I find him standing in front of the closet. When I ask him what he is doing, he says that he is

looking for a shirt. I tell him, there are lots of shirts there, but he says that he can't see any. The truth is, his mind is not on shirts. When I give him a shirt, he puts it on.

"At home, we communicate mostly in writing. We keep a note pad on hand. We write down what is on the agenda for the day. Later on, he will read the note and write back, 'this is all right, but that needs to be changed.' He is the type of person who can't sit idly. He is always thinking, writing, or working. If you say something to him, he won't hear you because he is concentrating on his work. He simply won't hear you. Thus, we have to write notes and put them where he can see them."

Chaemsai herself is a very forgetful person.

"My children say that I am a very forgetful person. They say, 'If mother remembers something, it really isn't mother.' (laughs) I am always forgetting things. Sometimes I ask my children something in the morning and then ask them the same thing in the evening. They tell me that they already told me. I often say hello to someone and ask, Isn't your husband so and so. They say no, that isn't their husband. It's very embarrassing."

After living with Mr. Banhan for 40 years, there were many things that Chaemsai could tell us about the personal habits of the next prime minister:

"Banhan does not drink. People give him many bottles of liquor on New Year's Day and on his birthday. There is so much that you could take a bath in it. But he doesn't touch it, because he doesn't like it.

"At parties, when drinks are served, he will make toasts with the others. But he will nurse a single drink. He doesn't like to drink. Sometimes he asks for a drink or glass of wine but lets it sit. When flying somewhere, he will ask for a glass of red or white wine and act as if he is a drinker. But really he isn't. He just lets it sit. When the aircraft is about to land, they come and pick it up. He doesn't drink coffee either. He likes tea, Chinese tea with ice.

"He doesn't like to smoke either. But he likes to act as if he is an expert. He likes to act as if he is a smoker. But if you watch him trying to smoke, it's really funny. He really doesn't know how to smoke. (laughs) We tell him he doesn't know how to smoke. But he tries to show that he knows how to smoke. We know who can smoke and who can't. But he says that he is an expert.

"Something that he really likes is ice cream. Whenever we go to a restaurant with our children, he will order a cup of coffee and a bowl of ice cream. They serve the coffee to Banhan and the ice cream to one of the



children. He tells them, no, the coffee goes to my child and the ice cream is for me. We sit there laughing about that."

Another personal trait is his frugality.

"He is a very frugal person. Whenever I want to buy something, I have to ask him for money. At first, he will refuse to give me the money, saying that we don't have the money and that I shouldn't buy the item. But when he sees me start to frown, he will ask the price. I like to buy jewelry. He says that I can't fit any more rings on my fingers and yet I still want to buy more. In my view, he doesn't have to dress up, because he himself has value. His mind is valuable and you can't put a price on him. But I am of no value and so I have to dress myself up. (laughs) I have never told him this, but that is what I think.

"One year, on our wedding anniversary, one of our children reminded him that this was our wedding anniversary. He said, You know, that's right. Our children told him that he had to buy something for me on this occasion. His response was, That's ridiculous. (laughs)

"But when it comes to our children, he can't refuse anything. He gives them what they want and even asks if that is enough. He loves his children very much. In the past, before we had a driver, he would go and pick up the children after school. After we hired a driver, he had the driver go pick up the children and he took a taxi. He always puts the children first. He is still that way today. No matter how late the children come home, he always waits up for them. If our son is going out, he will ask him what time he will get home. If our son says 0100 or 0200 hours, he will stay up until he gets home."

During the past 60 years, Chaemsai has experienced things that only a few other people have experienced. When she was a young girl living in Suphanburi Province, she was the bride in the most famous wedding of that time. The groom paid a dowry of 80,000 baht, and she became the wife of the member of parliament who garnered the most votes in the country. She is the wife of the man who has served as minister of interior, the largest ministry in the country. She was made a "khun ying" [the title of "lady"]. And now she is the wife of the leader of the country.

"Regardless of the position, I have not changed. That is, I like to lead a simple life. A position is just a mask. It may last for a year or longer. But is just temporary. It's like being in a play. You can be the star or lead performer, but when you go home, you are you. Once you leave the position, you are simply you.

People should not become infatuated with the position, because that could be harmful to them. When they leave the position, they will feel lonely because they used to be surrounded by people who treated them with great respect. We have to know ourselves."

On the day that we talked with Chaemsai Silapa-acha at her Charan Sanitwong residence, one of the striking pieces of jewelry that she was wearing was a gold brooch with gemstones in the shape of the Thai flag, which is the symbol of the Chat Thai Party.

"I have had it a long time, because it is the symbol of the party. And when I travel abroad, I wear it so that people will know that I am a Thai. Many times, when you say 'Thailand,' people think you said 'Taiwan.' I tell them 'Thailand,' not 'Taiwan.'"

Besides this brooch, the wife of the Chat Thai Party legislator who will soon become Thailand's next prime minister feels that it is her duty to support the Chat Thai Party.

"I feel that I, too, have a duty to support the Chat Thai Party. There was the time that I thought of running for election in Zone 2, Suphanburi Province, which was allowed another MP. I was sure that there was going to be a problem, and I was right. Mr. Praphat (Phothasut) wanted to run his own candidate, as did Mr. Chongchai (Thiangtham). They waged a major campaign, spending millions.

"Banhan did not agree with that and felt that that would lead to a split. And so he asked me to run. I decided to run in order to put a stop to this. Otherwise, there would have been a split. Once it was announced that I was going to run for election, the conflict ended immediately. It worked like a charm. (laughs) They said that they wouldn't run for election and that they would let me run."

Why did you change your mind and let Kanchana Silapa-acha, your daughter, run instead?

"I and my husband talked with my daughter about this until 0200 hours. We talked about whether I should run and if that would be proper. We decided that I was a woman of the new age and that if my husband won a majority of the votes and became prime minister, I couldn't be an MP or serve the party. I couldn't serve as the first lady. Thus, we decided that it wouldn't be proper for me to run and so we let Kanchana run instead.

Kanchana made her decision right then. She decided to run even though she didn't like politics. But she ran for her father's sake. She told him that she was a worm and that he had dug the worm out of its hole. Because actually, my daughter does not like to appear in public."



How do you feel about the Chat Thai Party?

"I love the party. I would like to see the party grow. But I have never given Banhan any help. And I don't know many of the MP's. I know only a few. That is because I have never gotten involved. Party members have never asked me for anything. But I feel close to the party. I feel that I am a part of the Chat Thai Party."

### Vietnam

#### Defense Policy Document for ARF Ready

OW2408150395 Tokyo ASAHI SHIMBUN  
in Japanese 20 Aug 95 Morning Edition p 3

[By Satoshi Sakaguchi]

[FBIS Translated Text] Hanoi, 19 Aug — Vice Minister Nguyen Thoi Bung of the Ministry of National Defense granted an interview to this ASAHI SHIMBUN reporter on 19 August, and stated that Vietnam is ready to submit a document on its national defense policy to the ASEAN Regional Forum (ARF). As a confidence-building measure, the proposal for submitting and making public the defense policy document was incorporated in the chairman's statement at the second ARF session held in Burnei on 1 August. However, it was actually left to member nations to decide whether such a document would be submitted. China has already stated at the last ARF session its intention to submit the document. Now that Vietnam has indicated its intention, it seems that ASEAN nations will take another step forward in building up confidence, which Japan and other countries have done their best to promote.

Vice Minister Bung stated: "The national defense policy of our country lies in defending our territories and safeguarding our socialist system as well as in not becoming a threat to any other nations." Then he added: "Since we have nothing to hide from other countries, there is nothing to prevent us from submitting our defense policy to the ARF." In his remarks, Bung did not say in not be like the Japanese Defense White Paper, which contains details, but will be a statement indicating the defense policy in general. It will be something like the one submitted by China.

#### Scholars Blame Japan, France for 1945 Famine

OW2608113295 Tokyo KYODO in English  
1036 GMT 26 Aug 95

[FBIS Transcribed Text] Hanoi, Aug. 26 KYODO — A group of Vietnamese scholars has charged Japanese and French complicity in the allegedly premeditated killings through starvation of as many as two million people throughout northern Vietnam from late 1944 to early 1945.

The charge was made by a group of some 20 Vietnamese scholars who participated in an unprecedented survey of facts surrounding the devastating famine which ravaged the country in the waning months of World War II.

The scholars, in a summary of the survey's conclusions obtained by KYODO NEWS SERVICE, said that all evidence points to Japanese occupying forces and Vichy French administrators as "the perpetrators of the horrible famine... with the Japanese bearing the main responsibility."

They endorsed the death toll estimate of two million people as "close to reality and reliable," basing that judgment on analyses of figures for famine deaths gathered from some 23 localities through northern Vietnam.

The summary said the gathered figures led scholars to surmise the famine took the lives of 15 percent of the total population of the north, which stood at more than 13 million at the time.

The scholars acknowledged that the famine was partly caused by serious rice crop failures, interruptions of rice shipments from the southern part of Vietnam, and the policy of forcing Vietnamese farmers to uproot their rice plants and subsidiary food crops to grow jute instead.

But they said it was primarily due to an "extremely wicked scheme" in which Japanese and French collaborated "to eliminate the resistance of the Vietnamese people through famine so that the latter would no longer have any energy to fight against the former."

"The famine, caused on purpose by Japanese and French in 1945 with comprehensive and complete avocations, policies and measures, nullified all the preparations against natural calamities made by the Vietnamese people," it said.

The summary, written on behalf of the group by Nguyen Van Tao, an academician from the Institute of History in Hanoi, cited documents and testimonials by witnesses as revealing the "genocidal nature" of the famine.

"Japanese and French calmly watched Vietnamese dying of hunger right next to stores of rice they forcibly purchased and then left to rot," it said.

It cited one incident in which Japanese soldiers are said to have inserted a Vietnamese woman into the belly of a dead horse, sewed it up and then buried the animal's carcass with the woman still inside.

The soldiers were said to be angry that the horse died after eating bran mixed with sawdust, sold to them



by the woman, which was what Vietnamese people themselves were forced to eat to stay alive.

The document also spoke of infants trying in vain to suckle at the breasts of their dead mothers and starving people reduced to eating what others had vomited out, scavenging undigested maize grains from horse droppings and even cannibalism.

"The famine caused a hatred in the heart of Vietnamese people which by now, 50 years later, has not died out," it said.

The survey, which was assisted by Motoo Furuta, professor at the University of Tokyo, will be released Tuesday [29 August] in the form of a book to mark the 50th anniversary of the incident and the end of World War II.

The scholars stated that their purpose was not only to shed light on the estimated death toll of two million, but also "to condemn the crime, prevent wars of aggression and destruction, safeguard peace, strengthen mutual understanding and consolidate friendship among nations."

Another stated goal was to document "the brutality of the perpetrators," primarily that of the Japanese, which it called almost unprecedented in the annals of history.

#### **Army Paper Defends Trials of 'Criminals'**

*BK2408160495 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Aug 95*

[FBIS Translated Text] Dear friends, in today's issue, QUAN DOI NHAN DAN carries a commentary entitled: "Clear Truth." The commentary says:

Over the past several days, a number of Western papers and news agencies have carried many reports and articles about the preliminary hearings of the Ho Chi Minh City People's Court on 11, 12, and 15 August. These hearings are held in regard to incidents related to human right issues, which relate to political and religious beliefs. The truth of the two cases has already been clarified by Vietnamese law enforcement agencies and widely reported by the Vietnamese mass media.

On 11 and 12 August, the Ho Chi Minh City People's Court opened the preliminary hearing to try Nguyen Dinh Huy and accomplices for engaging in activities to overthrow the people's administration. Before 1975, Nguyen Dinh Huy participated in the Tan Dai Viet Party and held the position of deputy secretary general. After being released from the reeducation camp, Nguyen Dinh Huy contacted Cao Minh Chau, leader of the Tan Viet [name as heard] Party overseas, and was appointed leader of the Tan Dai Viet Party in Vietnam. On 16

July 1992, Huy met with the hardcore elements of Tan Dai Viet and the Democratic Alliance and set up an organization named the National Unity and Democracy Building Movement. They used the cover of democracy to stir up people and relied on outside support to introduce to the public their activities aimed at depriving the Communist Party of Vietnam of its leadership role and at giving themselves that leading role before moving to the next step of seizing political power through peaceful means. If the administration did not want to step down, they would use force to overthrow the state of the Socialist Republic of Vietnam and establish a new state named the Republic of Vietnam.

When they cracked the case, local security forces seized many reactionary documents on political platforms, declaration of Constitution, appeals, regulations, flags, and a national anthem prepared and printed by Huy and accomplices. Based on the Civil Code, the court sentenced Huy to 15 years' imprisonment and eight accomplices from eight to 14 years' imprisonment.

This was a particularly serious case. Most of the criminals spent their lives serving the aggressive forces but were spared, thanks to the lenient policy of our state. Nonetheless, over the past 20 years, they continued to carry out their scheme aimed at opposing and overthrowing the people's administration.

Later, on 15 August, the Ho Chi Minh City People's Court opened a preliminary sitting to try the case involving Dang Phuc Tuyen, also known as Quang Do, and accomplices on two charges — undermining the national unity policy and taking advantage of democratic rights and freedom to infringe upon the interests of the state, social organizations, and citizens. Tuyen and accomplices carried out activities aimed at distorting the truth of the state-initiated national unity policy, undermining the Buddhist Association, and setting up illegal organizations. They compiled, printed, and distributed many books and documents to distort the truth of history and sow disunity between the Buddhist community and the administration. They also distributed many materials sent by reactionaries overseas. These materials contained very reactionary contents like the 20 September 1992 Message, Request for Settlement of Grievances, and Plan 20. Furthermore, Dang Phuc Tue illegally set up the so-called Office of the Secretariat General of the Institute for the Propagation of the Buddhist Faith to provide guidance to the Phan Ngoc An Group in setting up a representation of the illegal Buddhist organization.

Dang Phuc Tue and Phan Ngoc An were sentenced to five years' imprisonment. A number of other accom-



plices were sentenced from two to four years' imprisonment.

Thus, this was a normal court proceeding against individuals who performed activities in violation of Vietnamese law and it had nothing to do with their political or religious beliefs. The 15 August court trial was not designed to try Buddhist believers but Vietnamese citizens who violated the law because whoever they are, citizens are all equal before the law. Likewise, the court hearing on 11-12 August was not designed to try political dissidents but individuals who carried out systematic activities aimed at overthrowing the people's administration.

It is necessary to note that at the 11-12 August court session, two of the defendants were U.S. passport holders. Therefore, a representative of the U.S. embassy was allowed to attend.

On 17 August, dealing with Vietnamese-U.S. relations, our Foreign Ministry spokesman pointed out: Vietnam stands ready to hold talks with the U.S. side on the issue of human rights, regarding this as a global issue. Vietnam does not accept this issue as a condition for economic and trade ties between the two countries. Vietnam pursues a foreign policy of diversification and multilateralization based on the principle of equality, mutual benefit, respect for each country's independence and sovereignty, and non-interference in each country's internal affairs. This constitutes the most fundamental principle governing today's international relations.

#### **Radio Airs Do Muoi Article on Foreign Affairs**

*BK2808080595 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 25 Aug 95*

["First part" of article by party General Secretary Do Muoi entitled: "For the Fatherland's Independence, Freedom, and Prosperity and for the Cause of Peace, Friendship, and Cooperation between Nations"]

[FBIS Translated Text] On 28 June 1945, the provisional government of the Democratic Republic of Vietnam led by Ho Chi Minh, president and minister of foreign affairs was announced. It was on this day that Vietnam's revolutionary foreign affairs began — the domain held by President Ho Chi Minh as just as important and essential as the economic, military, and educational domains. From that moment on and during the ensuing years, President Ho Chi Minh directly guided and made great efforts to firmly build Vietnam's foreign affairs. He was the great leader of our party and nation and also an outstanding diplomat, who taught us the Ho Chi Minh's foreign affairs concept with brilliant examples, which has forever illuminated our party and state's diplomatic activities.

In commemorating the brilliant victories recorded by our revolution during the past 50 years, our party and people feel very elated by and proud of the great achievements recorded in the foreign affairs domain. From its first struggles as a state under French colonialism, the Socialist Republic of Vietnam — whose name was wiped off the world map — has today regained a significant international position in the region and the world and has maintained an equal footing with other nations while enjoying diplomatic relations with 156 countries including the superpowers and the largest politico-economic centers in the world. Vietnam is also a member of many international and regional organizations. This is an unprecedented position in the history of Vietnam's foreign affairs.

Vietnam has now reached a glorious stage as predicted by Uncle Ho, thanks to our people's great sacrifices and the brilliant achievements recorded during our all people's war of resistance for national salvation as well as our party's correct and creative foreign policies. We are proud of the contingent of our cadres and diplomats who have been led and fostered by our party, and who have undergone arduous struggles, become mature in their profession, and have appropriately contributed to the great victory of our nation.

The history of our nation is one of a struggling community fighting for peace and national independence. This protracted struggle has uniquely shaped the character of Vietnamese foreign affairs, which are steadfast and firm in principle and flexible and spirited in strategy — a strategy of fighting while negotiating, making the great cause win over cruelty, and using humanity to suppress violence. This strategy was creatively applied by Uncle Ho in the past; it is still applicable to the current conditions of our nation in the present stage. President Ho Chi Minh showed his talents for diplomacy during the most dangerous period in the early stage of our revolution, which resulted in the signing of the 6 March Temporary Agreement, the 14 September Treaty, and other essential compromises to maintain peace and to stop war so as to protect our nascent independence. However, the more compromises we made, the more demands the enemies insisted on, thus forcing us to take up arms to fight a sacred war of resistance for national salvation, which dragged on for several decades.

During the war years and despite fierce fighting, we made great efforts to limit the war within our own territory while weakening the enemies as far as possible. When favorable conditions emerged, we would promptly resort to peaceful measures even though they were temporary. At the very beginning of our independence, President Ho Chi Minh asserted that Vietnam wanted to be friends with all democratic countries with-



out becoming hostile with anyone. During the process of shaping and developing, Vietnamese foreign affairs consistently adhered to the revolutionary cause and maintained a close association with the developing trend of the era, thereby effectively serving the national interests and carrying out international obligations.

Our party and state have always upheld the banner of peace for our own country, the region, and the world while striving to promote friendship and cooperation with all nations in accordance with Uncle Ho's concept.

A real peace, built on justice and democratic ideals, must replace war. Freedom, equality, and fraternity must be implemented in the entire country without discrimination in regard to race or color. These great principles enshrine our peace-loving tradition and the true character of our government, which is of the people, by the people, and for the people and which always reflects our people's vital interests and earnest aspirations for peace, prosperity, freedom, and happiness.

In the past decades, in addition to conducting foreign affairs in the national interests, Vietnamese diplomacy has contributed greatly to international relations, fought for the protection of world peace, and consolidated unity among different nations, socialist countries, and international communist and worker movements. As a member of the Nonaligned Movement, Vietnam has actively taken part in the common struggle in the world for peace, independence, democracy, and social progress. Vietnamese diplomacy has also striven for the establishment of a region of peace and independence in Southeast Asia, the signing of the 1962 Geneva Agreement for peace and neutrality in Laos, and the signing of the 1992 Paris Agreement for the elimination of genocide and the restoration of peace in Cambodia.

However, normal relations between ourselves and many countries were disrupted for a long period. This happened despite the goodwill of our people. All the turbulent fighting was started by foreign countries as our people determined not to return to slavery. So they jointly stood up and fought for the ideal: nothing is more precious than independence and freedom. This ideal has become our national lifestyle and the purpose of our government's continuous and active diplomatic activities for many decades.

In rhythmic coordination with the political and military front, we have engaged in consistent diplomatic negotiations, leading to the signing of international documents incorporating the most fundamental articles that recognize Vietnam's freedom — as in the 6 March 1946 Preliminary Agreement — or that confirm Vietnam's independence, sovereignty, national unification, and territo-

rial integrity — as in the final declaration of the 1954 Geneva Agreement and the 1973 Paris Agreement.

At present, while our country is enjoying complete independence, our people are living peacefully, and our international relations are expanding, the idea of the independence, freedom, and prosperity of the fatherland and peace, friendship, and cooperation with all nations still remains valid for the practical activities of Vietnamese diplomacy. More than ever before, we can and we should consolidate peace and create a stable international environment to achieve the target of a prosperous people, a powerful country, and an equitable and civilized society. Moreover, our country is now provided with opportunities and favorable conditions to broaden exchanges with other nations in the world community. This is the earnest aspiration of our people and also the consistent policy of our party and state.

In our broad international relationships, priority is given to maintaining peace and stability and promoting friendship and cooperation with neighboring countries in Southeast Asia and Asia-Pacific. From the point of view of geopolitics and the geoeconomy, Vietnam is closely linked with this region, which is developing actively and will greatly affect the world situation in the next century.

Previously, for various reasons, including situations that were out of our control, we were unable to realize our aspiration. Today, there is a possibility that we can build friendly relations with our neighboring countries. Our diplomatic service needs to fully understand this to implement consistent action. At the same time, we must continue to broaden and consolidate relations with all nations in the world community and strive for peace, independence, and development.

As always, we hold that a lasting peace and sustainable cooperation can only be consolidated on the basis of respect for independence, sovereignty, and territorial integrity; noninterference in each other's internal affairs; nonuse of force or threats to use force; and equality and mutual benefit for each country without discrimination of size, political regime, or levels of development. It is a world in which cooperation is broadening and mutual dependency is increasing. However, each country is still an independent entity and must rely on its own efforts. Only on the basis of independence and self-reliance will each country effectively receive international cooperation and make contributions to the development of mankind.

Cooperation always go together with struggle. Cooperation is based on similarities and consistent struggle should aim to overcome differences to reach more similarities for the interests of all parties.



**Vo Van Kiet, World Food Program Director Meet**  
*BK2508151095 Hanoi VNA in English*  
1459 GMT 25 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 25 — Prime Minister Vo Van Kiet has said that Vietnam wants the World Food Programme (WFP) to continue to assist it in water conservancy, forestry, public health, nutrition supply and other sectors.

The prime minister was speaking with Ms Catherine Bertini, executive director of the WFP, who is here for an official visit.

Mr. Kiet said: "Priority should be given to programmes on hunger elimination and poverty alleviation in rural areas and on employment and improvement of women's living conditions."

At a reception this afternoon of the WFP director, Mr Kiet thanked the WFP for its assistance which, he said, was of "important significance to economic development and improvement of living standards of the Vietnamese people." Mr Kiet added: "Although Vietnam has become self-sufficient in food, it still remains poor. The Vietnamese people's meals are still poor and children's malnutrition has been seen in many places in the country."

Ms Bertini told the Vietnamese prime minister that for 20 years now, the WFP has granted Vietnam USD [U.S. dollars] 480 million worth of food. She said that the WFP will discuss with the Vietnamese Government measures to be taken to carry out the programme on poverty alleviation and famine elimination in Vietnam with priority given to projects with greater woman participation.

**Meeting Marks Anniversary of Diplomatic Service**  
*BK2808111995 Hanoi Voice of Vietnam Network*  
in Vietnamese 0500 GMT 26 Aug 95

[FBIS Translated Text] Our country's Ministry of Foreign Affairs held a solemn meeting at the Vietnam-Soviet Palace of Friendship and Culture this morning to mark the anniversary of Vietnam's diplomatic service and open an exhibition on our country's diplomatic activities over the past 50 years. Attending the ceremony were Comrade Do Muoi, general secretary of the party Central Committee; Comrade Vo Chi Cong, adviser to the party Central Committee; Comrade State President Le Duc Anh; Comrade Prime Minister Vo Van Kiet; many comrade leading officials of the party, state, and Vietnam Fatherland Front; representatives of ministries, departments, and sectors at the central level; and foreign ambassadors in Hanoi.

On this occasion, President Le Duc Anh presented the Gold Star Medal to a representative of the Ministry of Foreign Affairs. He pointed out that after 50 years of birth and growth, Vietnam's diplomatic sector has rendered positive services, making constant efforts to renovate its activities [words indistinct] to the historic victories in the struggle to wrest back and safeguard national independence. Today, Vietnam's diplomatic sector is effectively implementing a foreign policy of sovereignty and diversification and multilateralization of diplomatic relations to create favorable conditions for building and safeguarding the Vietnamese fatherland.

Addressing the meeting, Foreign Minister Nguyen Manh Cam highlighted the development of Vietnam's diplomatic service over the past 50 years and its very important contributions to the cause of national defense and construction, especially the ongoing process of renovation.

**President's Article on August Revolution Cited**  
*BK2808084995 Hanoi VNA in English*  
0559 GMT 28 Aug 95

[FBIS Transcribed Text] Hanoi VNA August 27 — President Le Duc Anh has written an article in honour of the 50th anniversary of the August 1945 revolution and the national day (September 2).

The article says:

"It was half a century back, on September 2, 1945, that President Ho Chi Minh solemnly read to all countrymen and the world community 'the declaration of independence' of Vietnam, saying: 'Vietnam has the right to enjoy freedom and independence and in fact has become a free and independent country. The entire Vietnamese people are determined to mobilise all their physical and mental strength and to sacrifice their lives and property in order to safeguard their freedom and independence.'"

"The success of the August revolution in 1945 and the emergence of the Democratic Republic of Vietnam [DRV] was the outcome of the drive for national salvation sought by Nguyen Ai Quoc-Ho Chi Minh. This was also the fruition of 80 years of staunch and courageous struggle full of hardship and sacrifice, of patriotic movements prior to the revolution.

"This was the victory of the Vietnamese people's tradition of undaunted and ardent patriotism and thousands of years of national construction and defence."...

"...The success of the August revolution and the commencement of the Democratic Republic of Vietnam with President Ho Chi Minh as president ushered in a new



era for the Vietnamese people, that of national independence and socialism. The DRV was the first democratic worker-peasant state in the history of Vietnam. That was a new-type state, a state mastered by the working people, a state really of the people, by the people and for the people. It represented the nation and the people, characterised by the nature of the working class under the leadership of the Communist Party.

"The former Democratic Republic of Vietnam and the present Socialist Republic of Vietnam has undergone 50 years of struggle, national development and defence fraught with hardship, courage and sacrifice, wisdom and creativeness. The Vietnamese Army and people have recorded great victories in the resistance wars, important achievements in national development, and made worthy contributions to our time — a new era of mankind which began with the October revolution, a new time for the Vietnamese people — the Ho Chi Minh era"

The article recalls that after the end of the anti-French resistance war, the Vietnamese state and people entered into a new period of development: step by step building socialism and defence of the north. In the south, the Geneva accords were undermined with brutal persecution of the patriotic forces. This forced the people to rise up to struggle for self-defence. Eventually they were forced to wage a people's war against a war of invasion by the US imperialists and their henchmen, to continue the revolution of national liberation in the south for peace and national reunification.

It goes on :

"The Vietnamese people won those victories not only with their iron will to fight and win but also with their intelligence and capacity of organizing the struggle as well as national construction in the hard situation of war. Those victories were also attributed to immense assistance from the Soviet Union, China and other socialist countries, and all progressive mankind, including an important sector of the American people."

#### **Thailand Extends Loan to 31 Aug 1997**

*BK2808084095 Hanoi VNA in English  
0631 GMT 28 Aug 95*

[FBIS Transcribed Text] Hanoi VNA August 28 — The Thai Government has decided to extend its 150 million baht loan for Vietnam by two and a half more years, according to a report released at a recent Thai Government meeting.

This is the third time this loan has been extended since it was signed by the two governments in December 1992. Its expiration will be August 31, 1997.

#### **Minister Recaps 23-24 Aug Government Meeting**

*BK2608133395 Hanoi Voice of Vietnam Network  
in Vietnamese 2300 GMT 25 Aug 95*

[FBIS Translated Text] On the afternoon of 25 August, Minister Le Xuan Trinh, director of the Government Office held a local press conference to announce the content of the regular government meeting on 23-24 August. After touching on the government evaluation of the economic situation in July and August, Minister Le Xuan Trinh concentrated on the reform of the state administration in the first seventh months of 1995.

Generally speaking, the most inconvenient administrative procedures, which directly affect the daily activities of citizens and organizations, have been solved and corrected by the government. The government also promptly introduced new procedures. All ministries and sectors have received support from Vietnamese citizens and national and international organizations for the speedy issuance of official documents to execute government decrees. Since the beginning of this year, the government and the prime minister have decided on 46 issues relating to the management of ministries, ministry-level organizations, state organs, and the establishment of economic and administration bodies.

At the press conference, Minister Le Xuan Trinh also reported on the result of the 20-day execution of Decree 36-CP and Directive 317-CP of the prime minister. He also outlined measures to satisfactorily continue this task in the coming period.

#### **Ho Chi Minh City Prepares for Party Congresses**

*BK2808025595 Ho Chi Minh City SAIGON GIAI  
PHONG in Vietnamese 30 Jul 95 pp 1, 7*

[Report by T.B.L.]

[FBIS Translated Text] On 27 July, the Ho Chi Minh City party committee met with the comrade leaders of party committee echelons to discuss the preparations for party organization congresses at all levels.

On 12 July 1995, the party Central Committee Secretariat issued Official Correspondence No. 266/CV/TU indicating that "to meet the requirements of general political tasks in the new stage, party installation committees at all levels must convene congresses to discuss the reports of upper party organization congresses, set forth future orientations and tasks, select delegates to upper party organization congresses, and elect new executive committees. This must be done by party installation committees regardless of whether they have completed their terms or not."



The city party committee standing body issued Memo No. 11/HD-TU dated 24 July 1995 and Official Correspondence No. 190/CV-TC dated 25 July 1995 to provide party organizations at all levels with guidance for the implementation of the party Central Committee Secretariat's instructions on preparations for party congresses at all levels. The city party committee laid special emphasis on the need to make very adequate preparations in terms of the congress agenda, the evaluation of the performances of party committee members at the end of their terms, the directions for each echelon, and timing. Regarding the compilation of reports by party organizations and grassroots party chapters, the city party committee stressed: There should be brief reviews of the implementation of resolutions. Only strong points and shortcomings displayed since the last party congresses should be mentioned. It is more important to analyze causes and draw experiences while at the same time defining the goals, tasks, and solutions for the forthcoming term. The official correspondence of the city party committee also pointed out: All grassroots party congresses must discuss the documents of the eighth national party congress.

Regarding the formulation of the directions for implementation, the city party committee requested district party committees and party committees above grassroots party organizations to urgently complete evaluating the performance of grassroots party organizations before convening party congresses. It is necessary to review the performances of members of the grassroots party committee echelons, particularly party committee members holding key positions such as secretaries, deputy secretaries, people's council chairmen, chairmen of subward or village people's committees, and secretaries and heads of business establishments or administrative sections... The projected congress agendas are as follows: Experimental grassroots party organization congresses will take place from now until 20 August 1995. Large-scale grassroots party organization congresses will start on 21 August 1995 and end before December 1995 at the latest. Party organization congresses at the district level and above the grassroots level will take place in November and December 1995 and end in mid-February 1996 at the latest. City party organization congresses will take place in the first quarter of 1996. The city party committee is to select a number of units for experimental congresses to draw experiences in time to direct the organization of all grassroots party congresses. These units include Trung An Village in Cu Chi District, Subward 10 in Tan Binh District, the Metal and Electromechanical Corporation, Le Quy Don General Education School, Nguyen Tri Phuong Hospital, and the party chapter of the city party committee organ of the party control commission.

Comrade Nguyen Ngoc An, standing member of the city party committee standing body, expressed his views on a number of requirements that grassroots party organizations must meet in convening party congresses as follows: It is necessary to accurately evaluate the actual situation and the quality of the activities of party installations; to clearly analyze the strong points and weaknesses; to avoid subjectivity and superficiality; to firmly grasp orientations and future tasks based on real life situations; (officials in charge of grassroots level should not use general terms to define orientations); and to formulate practical action programs based on the actual situations in the localities and establishments under their charge. It is necessary to solicit the views of all party members, mass organizations, and people and include them in party congress-related documents to make sure that they reflect the wisdom of the party and people.

#### **General Discusses Party Organization Congresses**

*BK2508060495 Hanoi Voice of Vietnam Network  
in Vietnamese 1400 GMT 21 Aug 95*

[Interview with Major General La Van Nhai, 2d Military Region deputy commander and political commissar, by an unidentified station correspondent; place and date not given—recorded]

[FBIS Translated Excerpt] [Passage omitted on the 2d Military Region's general efforts to improve party building task]

[Correspondent] Dear comrade, in anticipation of the upcoming party organization congresses at various levels in the Army, what are the 2d Military Region's measures to guide and supervise these congresses?

[La Van Nhai] To prepare for the party organization congresses at various levels in the 2d Military Region, our party committee has formulated new policies and measures to ensure success of these congresses. First, we issued a directive on the convening of party organization congresses at various levels in the military region, and then immediately decided to launch a major political activity drive to develop democracy, conduct criticism and self-criticism, strengthen unity, enhance unanimity in thought and action, and promote a sense of responsibility and efforts to abide by Army discipline, thereby helping to improve all of the military region's tasks.

Second, to help the party committee's standing committee to satisfactorily carry out the preparation work, we have decided to set up a steering committee for these congresses, comprising members of the military region's party organization executive committee and heads of



various agencies, with the aim of ensuring the best results of the congresses and improving the military region's military task.

Many teams have been sent to various localities to review tasks related to combat readiness, training, civic action, and the units' preparation for these congresses. Moreover, we have also launched a revolutionary action movement from now until the all-Army party organization congress in order to improve weak points and bring into full play our strong points. We have accelerated immediately the emulative movement launched by the Army General Political Department under the theme: "Fifty Days Determined-To-Win Action To Commemorate the 50th Founding Anniversary of the Socialist Republic of Vietnam."

Third, the 2d Military Region's party committee is making preparations to convene a conference to review the implementation of the party Central Committee's third plenum resolution on renovating and revamping the party, Resolution No. 79 of the Military Commission of the party Central Committee, and Resolution No. 80 on renovating party mass mobilization work. I think that to strengthen unity between the party and people is very important for the party building task, the result of which will be a significant part of the political report of the national party congress.

[Correspondent] Thank you very much, comrade.

#### **Army Party Organizations Admit New Members**

*BK2508140495 Hanoi QUAN DOI NHAN DAN  
in Vietnamese 31 Jul 95 p 1*

[Report by Vu Thang]

[FBIS Translated Text] According to reports from the party organizations, the Army party organizations (in the main force) admitted 5,473 new members in the first six months of 1995, an increase of 1,578 members (or 40.5 percent) over the same period last year. The 18 units with a high percentage of new party members are the engineering troops, Military Medical Institution, Ninth Military Region, General Staff, Defense Industry and Economy General Department, Air Defense Force, Second General Department, Quyet Thang Armed Corps, Political General Department, Logistics General Department, Third Military Region, Capital Military Region, Second Military Region, Signal Armed Service, Tanks Armed Branch, No. 1 Infantry Academy, No. 2 Infantry Academy, and Bason Military Shipyard.

It is worth noting that while more new members have been admitted, all units have ensured the good quality of new members. Most new party members have been decorated for good service in the half-year review and the procedures for admitting new members have not been violated.



## Australia

### Taiwan Official Discusses Bilateral Ties

OW2808055295 Taipei CNA in English  
0123 GMT 28 Aug 95

[FBIS Transcribed Text] Sydney, Aug. 26 (CNA): There has been no immediate breakthrough in official relations between the Republic of China [ROC] and Australia despite steady improvement in other bilateral ties, the Taipei Economic and Cultural Office (TECO) in Canberra said tonight.

In a press conference following the end of the 19th Oceanic Overseas Chinese Conference in Sydney, TECO Acting Representative Jeremy Yen said ties between the two countries have improved markedly since direct air links were established in 1991 and the representative office was set up in Canberra in 1992.

"In 1991, there were only four direct flights between Taiwan and Australia daily, but now the number has increased to 14 and will rise further to 16 when Ansett Australia joins the service in November," he told reporters.

The number of tourists from Taiwan going to Australia has surged, rising from almost 110,000 in 1993 to 142,000 in 1994.

"We believe the number could exceed 160,000 by the end of this year," Yen said. The number in the first half of 1995 already stood at around 81,000, he said.

He said two-way trade between the ROC and Australia rose to US\$3.8 billion last year, up from about US\$3.5 billion in 1993. The figure is expected to rise further this year, he said.

He said the number of students from Taiwan studying in Australia has also increased sharply. In 1994, the number was more than 3,000 and the figure is expected to reach 4,000 this year.

"Australia regards the ROC as a valuable partner. But there is no immediate breakthrough in political relations because of the international environment," he said.

Canberra remains committed to a one-China policy. It recognized Beijing and severed ties with Taipei in 1972. Beijing has repeatedly threatened other countries with official ties with Taipei.

But economic, cultural and educational ties between Australia and Taiwan have been flourishing since the diplomatic break, Yen said.

"Mainland China has not relaxed its constant threat against other countries [passage indistinct]

### Protest Boats Not To Deter Nuclear Tests

LD2608101095 Melbourne Radio Australia  
in English 0900 GMT 26 Aug 95

[FBIS Transcribed Text] France's naval commander for the South Pacific says nuclear tests will go ahead at Mururoa Atoll even if protest boats are inside the exclusion zone or the atoll's lagoon. Vice Admiral Philippe Euverte says he has 15 ships as well as commandos to protect the waters around the test site, but it may not be possible to stop all the protest boats trying to penetrate the atoll's defenses. He says he has no problem about the tests going ahead if this happens, because French ships have been in the lagoon during past tests and they were totally safe. The admiral made the statement in Tahiti's capital Papeete as an anti-nuclear flotilla continues to gather near the atoll.

## Papua New Guinea

### Minister: Rebels Breached Cease-Fire Agreement

BK2508063195 Melbourne Radio Australia  
in English 0500 GMT 25 Aug 95

[FBIS Transcribed Text] Papua New Guinea's [PNG's] foreign minister, Sir Julius Chan, says the rebels in Bougainville have breached the cease-fire agreement with the PNG Government by killing members of the security forces and destroying public property. Sir Julius rejected claims by the rebel leadership that the government was not doing enough to speed up the peace process. The prime minister says all the government's peace commitments over the past six years have been frustrated by the rebels.

Sir Julius says the PNG Government will now only deal with the Bougainville Transitional Government, describing it as the only recognized and legitimate authority in Bougainville. He was also critical of the continued refuge provided by Solomon Islands to the rebels' spokesman Martin Miriori. Sir Julius Chan alleged that Mr. Miriori was acting criminally from Honiara to direct rebel attacks against the legitimate authority and the majority of the people on Bougainville.



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